C-85401

THE IMPACT OF BUDGET RESTRAINTS ON RESOURCES FOR EDUCATION

Proceedings of a Seminar
Held at the
Delta Ottawa
361 Queen Street
Ottawa, Ontario
June 2-4, 1985

Canadian Teachers' Federation
110 Argyle Avenue Ottawa, Ontario
K2P 1B4

OCTOBER 1985

INTRODUCTION

92-00949/

This Seminar was organized with the advice and assistance of the CTF Advisory Committee on Economic Services including: Sheena Hanley (Chairperson) (CTF V.-P.), Bert Hanratty (NBTA), Allan McDonald (NWTTA), Paul Nugent (YTA), Kitty O'Callaghan (BCTF) and Nadene M. Thomas (ATA).

The purpose of the Seminar was to explore a variety of trends and issues arising from budgetary restraints on public elementary and secondary education and to consider alternative ways of overcoming those which have adverse consequences for education and for teachers. Some of the trends include:

1. Declining policy importance of public elementary and secondary education in relation to national and provincial output and total government spending.

2. Shifts in the burden of funding education among levels of government and, as a result, among sources of revenue.

3. Downgrading by the federal government of revenue equalization and other transfer payments to the provinces.

4. Declining levels of real (i.e., purchasing power) spending for elementary and secondary education, in total and per pupil enrolled.

5. Declining levels of real disposable incomes of teachers and teacher economic status in relation to other groups in the population.

Some issues and questions arising from these and other trends include:

. Can public opinion be mobilized against further erosion of the policy priority of education and of the resources allocated to it? If so, how?

. Are there any major untapped sources of revenue for education? What are their strengths and weaknesses?

. Should teachers become actively involved in the quest for greater cost-effectiveness or productivity in education? If so, what general principles might be appropriate?

. How might the adverse trends in real incomes and economic status be reversed or arrested with minimum impact on job security and working conditions?

This report consists of the welcoming remarks by Brian Shortall, CTF President, as well as edited transcriptions of the talks given by the four featured speakers and the statements of the four members of the concluding panel on mapping the "right" strategy for teachers. The rest of the proceedings have been omitted as an economy measure.

Based on the evaluation forms filled in by 16 of the 37 participants (a 43 per cent return) and summarized in the Appendix, it is fair to conclude that the Seminar fulfilled successfully its major purpose of exploring some of the major trends and issues noted above.

Wilfred J. Brown,
Director, Economic Services.

CONTENTS

Page

WELCOMING REMARKS

Shortall, Brian 1

EDUCATION FINANCE: YESTERDAY, TODAY AND TOMORROW

HENDERSON, Dr. Florence 3

THE PUBLIC POLICY CONTEXT OF EDUCATION FINANCE

MASLOVE, Dr. Allan M. 13

ALTERNATIVE ECONOMIC STRATEGIES: WHAT COULD THEY DO FOR UNIVERSAL PUBLIC EDUCATION AND FOR TEACHERS?

1. An Alternative Strategy for Restructuring the Canadian Economy

   CALVERT, John 21

2. Can Public Service Unions Retain (or Retrieve) the Right to Full and Free Collective Bargaining?

   RICHE, Nancy 33

CONCLUDING PANEL ON MAPPING THE "RIGHT" STRATEGY FOR TEACHERS

1. HANRATTY, Bert 39
2. HYMAN, Charles 43
3. RUSSELL, Wayne 49
4. SHORTALL, Brian 55

APPENDIX

Summary of Evaluations 61

WELCOMING REMARKS

BRIAN SHORTALL
Canadian Teachers' Federation

Ladies and gentlemen, on behalf of the CTF Board of Directors, I welcome you to our conference. I am very pleased that you are here. Now I shall take a few moments to place this particular exercise in the context of the 1985 CTF Program and Activities.

Almost 19 years ago in 1966 at a special Intergovernmental Conference on the Status of Teachers, the United Nations Educational, Scientific and Cultural Organization and its member countries adopted A Recommendation concerning the Status of Teachers. I would like to quote just briefly from the Preamble:

> "Recalling that the right to education is a fundamental human right, conscious of the responsibility of the states for the provision of proper education for all in fulfillment of Article 26 of the Universal Declaration of Human Rights, of Principles 5, 7 and 10 of the Declaration of the Rights of the Child, of the U.N. Declarations concerning the promotion among youth of the ideals of peace, mutual respect, and understanding between peoples."

One other section in that particular document speaks of education as the fundamental right of every child to be provided with the fullest possible educational opportunity without discrimination on the grounds of sex, race, colour, religion, political opinion, national or social origin or economic condition. There is a fundamental link between the meaningful pursuit of those goals and the financial resources provided for us to pursue them.

In the late 1970's, at a meeting of the OECD countries in Paris, there was a decision made to reduce spending on the social sectors in those various countries in order to free funds for the purposes of industrial and economic stimulation and to redirect some government resources away from the social sectors into other kinds and areas of the economy. Since that time restraint has become very familiar to us. Education budget reductions, spending ceilings, freezes, cutbacks -- often these are disguised in the robes of efficiency, effectiveness and evaluation. In 1984 the then Chairperson of the Council of Ministers of Education, Mr. Donahue, from the Province of Nova Scotia, announced that the priority of the CMEC for that year was more effective use of financial and human resources in education.

These trends and their results and impacts are essentially what you will be studying and exchanging views on throughout this conference. During those particular deliberations I ask you to bear some factors in mind to go along with the papers, the presentations and the statistics. One of those factors is the image of our teaching profession, the public perception of teachers and of schools, of what we do and how well we do it.

We have just had a federal budget that exhibited the deficit reduction syndrome which seems to be permeating all and every political body in this country. I would like to quote from a document written by Dr. Wilf Brown, Director of Economic Services:

> I fear that the budget measures could hurt the cause of adequate and equitable funding of education for all Canadian children wherever they happen to live and also lead to a reemergence of inequalities in the terms and conditions of teacher employment across Canada.

The impact of the equality legislation and demands for equality and equal access to our system, the increasing instances of support to private education in Canada, the growing demands by groups other than professional teachers to become involved in the decision-making processes concerning schools, children, programs and teacher standards, are all issues which are percolating throughout our schools.

You will be talking about where we get the money, how it will be allocated and the impact of the current economic situation upon the goals and the nature of our work. I don't know what type of mission you have. Perhaps an evangelical mission is a fitting description for a conference that begins on a Sunday evening, because I think we have to do two things. We have to analyze and determine the message on educational finance, but, perhaps more importantly as teacher organizations and advocates for children and high quality education in Canada, we have to find the means of advising, informing and influencing those who make the decisions and who enact policies of restraint and cutback which have the impact of interfering with the work each of our members do each day in the classroom.

I welcome you once again and wish you every success for this conference. I am looking forward to the presentations and looking at the caliber of speakers, I am confident that the sessions will live up to your expectations and our expectations as well.

EDUCATION FINANCE: YESTERDAY, TODAY AND TOMORROW

FLORENCE HENDERSON
Federation of Women Teachers' Associations of Ontario

The focus of our deliberation is on the financing of education and it is that focus which we shall attempt to sharpen as we proceed. Before we zero in on the specific object of our concern it is important to look at the context in which education is embedded. The financing of education is so engrossing in itself that we often fail to consider the environment which provides the dynamic forces within which educational decisions are influenced.

When we talk about financing education we are talking about getting enough money to operate the schools and to educate the children in an adequate way. The school is the centre of the operation but it does not exist by itself. The school exists within a broader context and there are a number of factors which make up that context. What are the other forces within the world around us that are impinging on that school and ultimately on the finances required to provide an adequate program?

One of them is the social context. There are social forces which have a direct bearing on what goes on in the school and how that process is viewed by the people for whom it is intended. Then there is the economic context. Obviously, if we are discussing public finance we have to be aware of how shifts in the economy are going to affect what we can do in the schools. The third element which I would like to discuss briefly is the political context. Education is in the public sector and is therefore very sensitive to political forces.

If we want to look at "Education Finance: Yesterday, Today and Tomorrow" it would be useful to take a panoramic view and address the following questions: How has schooling changed and what kind of changes do we anticipate in this phenomenon we call schooling? How is society different in 1985 from what it was in 1965? How is it likely to look in the year 2000? What changes have we witnessed in the economy over that time? I have chosen 1965 because many of us have had personal experience in that 20-year period. It is not difficult for us to look back and see what schools were like, what society was like, what the economy was like, and to some degree, what the political world was like.

How has schooling changed since 1965? In the 50's and 60's we experienced a number of things coming together at once. There was a massive increase in school enrolments. The war had ended in 1945 and by the 1950's we began to see the baby boom enrolled in the elementary schools. This gave rise to an urgent need for teachers. Teacher organizations were faced with the need for policies which would be sensitive to this call for more teachers but also responsible in the need to maintain adequate standards of preparation and experience.

There was a tremendous growth in capital expenditures during those years. New schools were requested for the new students and since there

was a popular wave of support for them many schools were built. In addition, many new schools were built to replace some of the old facilities that existed at that time.

At the end of the 50's with the launching of the Russian space probe, Sputnik, Prime Minister Diefenbaker committed large amounts of money for technical education. The schools quickly began to accommodate to the needs of a higher scientific and technical type of education and the federal government poured money into the building of these technical faculties. There were many changes in school programs with an emphasis on mathematics and science because of the Sputnik launch.

At the same time that new teachers were needed, the teacher federations made a strong plea that teachers should be better educated. So during the 50's and 60's teachers entered the profession with better qualifications. Teachers already in the profession were encouraged to improve their academic status. This factor alone had serious financial ramifications.

During the same period we began to move toward a consideration of the opportunity for schooling in the two official languages. That meant new requirements for teachers, not only for teachers in training but retraining for teachers already in the schools.

The need to match teacher capabilities with student preferences led to a dislocation of personnel, the waves of which are still being felt. Where two adults in a family were employed in a particular geographic area, the dislocation of one person had obvious effects on the other. Many of these situations are still begging more creative solutions than have evolved to date.

Since we undertook to deal with preparing students to speak in the two official languages of the country we had a cry from other segments of the mosaic of which this country consists that some effort and resources be expended in order to retain the heritage language of the many other people in our diverse culture. This controversy is still unresolved not only for financial support but whether these programs should be delivered within or outside of the regular school day.

During the 50's and 60's curriculum development was made the responsibility of teachers in local school areas within a broad framework provided by the Ministry of Education and coordinated by school board officials. One of the obvious changes in the 70's and 80's has been a return to centralized curriculum control. This shift was designated to restore public confidence in the schools by a more highly visible assignment of accountability.

Special education became the cry of these later decades. Special education was not new in the schools but it was to be extended considerably in the provinces across the country.

During the 70's and 80's student population was on the decline. It may be difficult to cope with a system experiencing rapid growth but it is no easier to cope with one whose numbers are declining. In many cases it

resulted in the declaration of redundant teachers with all its unhappy implications for those people.

The 70's and 80's saw a proliferation of new programs in the schools. The school has always been seen as an agent for social change as well as conservation. Sex education, moral values education, drug and alcohol problems which had formerly been the preserve of the home were now to be added to the other responsibilities of the school.

The custodial role of the school became far more important as both parents were going out to work or as many families became single parent families and that single parent was working. That had a tremendous effect on what went on in schools and the new way the school had to begin to look at its programs. It was no longer sufficient to say, "Here is how this content can be best absorbed," but also to say, "How can the work we are doing in the schools be accommodated to these particular social needs".

To cope with some of these problems a great effort was made to reduce the pupil-teacher ratio, something we had always believed in, but because of the large number of students we had to work with, were unable to implement. It was during the 70's and 80's that we began to push the ministries with which we were involved to say: "Now is the time. We have the teachers. We have the physical facilities and now we have a perfect opportunity to introduce lower pupil-teacher ratios." We have experienced some success but we still have a long way to go.

Moving into the 90's, what kind of things can we foresee? Some of the background material provided for this conference indicates the shifts in population that will have effects during the 90's.

In Ontario, the schooling in the late 1980's and 1990's is going to be complicated for us by the decision of the government to extend the funding for separate schools for Grades 11, 12 and, if we have it by that time, Grade 13. This means that schools which prior to this time had been funded in the private sector are now going to be funded in the public sector. That, of course, will have its implications for the whole system as far as the financing of education is concerned.

I think in the 90's we are going to see a burgeoning use of computers. There are some people who look ahead and worry that we might be moving toward home instruction with the use of the computer, that if we are able to acquire sufficient software of the right kind it may mean that a great many parents, especially at the educated end of the continuum, will prefer to have their children educated in a private way in the home setting. I do not greatly fear that possibility. Although it may be attractive to begin with, there are things that the best software and the best computers simply cannot provide and that is the social interaction found in schools, whether they are public or private schools. Also, we cannot overlook the fact that schools rank very high with parents in terms of the cheap custodial function they perform. Even if they think they might get along with a computer at home, if both parents or the single parent are at work, it is more than likely that the schools are going to continue to have a job to do.

However, the studies people have conducted in Ontario on the financing of private schools have given rise to some concern on our part as to whether there will be a proliferation of private schools should there be an extension of funding to the private as well as the separate schools in our system. We know that in many of the provinces considerable public funding is already given to the private schools, but there are certain requirements that are made of them that have not been made of Ontario private schools. We are looking at that and are not a little concerned because there is considerable growth, not in the conventional private schooling, but in the development and the institution of the Christian school movement. This is part of what we will be talking about in a few minutes when we begin to look at the social context in which the school exists. I think the whole Christian school movement is a reaction to the concern of what is happening to children within the social institution of the school where the values are quite at variance with the values of the parents. Should there be public funding for these schools it may be that that section of private schooling will take on a larger portion than it has up to this point.

There is also a concern that there might be a considerable privatization of education, not necessarily private schools, but the provision of schooling through the private sector, through contracting and software. Already this has been provided in some ways in special education schools. There is a feeling that businesses are just waiting for some kind of breakthrough into the school system, which looks to them like a very highly protected system with great possibilities. So, the whole question of the extent to which governments and school boards will allow privatization of education is something which merits our consideration.

Also, when we are thinking of education finance we have to think of the extent to which schools are beginning to look at the growth in capital equipment per student. A chalk board, a piece of chalk, a notebook and a reader are now no longer enough and the cost just of the computers, should nothing else along that line develop within the next decade, is going to absorb a large portion of the available resources for schooling.

So then, that is what the school looks like, how it has changed over the decades and the effects those changes have had on the financing of education. Now, what are the social changes that we can't ignore which have taken place in the context in which the school exists? I feel we are far too much of an island to ourselves, far too inward-looking, both in our actions and in our thinking. Over these two days we are going to have to extend ourselves in our thinking processes. What kind of changes have taken place in society?

There has been an increasingly suspicious attitude about all our institutions. Institutions, whether they be banks, schools, governments or whatever, have somehow become the flogging boy for news media or people who are disgruntled about this or that. The whole institutional structure is no longer viewed with that awe and respect we had in the 50's and 60's, especially the larger institutions and the ones affecting most people.

I came across a very interesting article in the Summer 1984 issue of Contemporary Education entitled "Education and the Media or Why They Keep

Raining on Your Parade" and it is well worth your reading. I think some of us would like to know why they do. One of the things this article mentions, which I think we have taken for granted, is the way that news is reported. We have to recognize the fact that schools are in the public domain and ultimately the decisions about schools are made by the public. The whole question revolves around the extent to which the public is informed about what is and what ought to be going on in the schools.

In the 50's and 60's and prior to that our biggest news medium was the newspaper and we expected it to provide us with fairly extensive reports. The fact that news is now transmitted by television has changed the nature of news completely. The thesis of this article is geared to the whole question of how differently we see the world we once viewed through these other media but are now forced to see through the eyes of T.V. The article says that we get simply fragmentary bits of information. If we look at any newscast it must be only seconds that the news item is flashed before us. Each news item is made to appear as part of a theme which is rather interesting and important for us to keep in the back of our minds. This is an American article so they are talking about excellence in education and standardized tests. The article says that, although at one time only a little piece is given in the news, when it comes back again in any form it is linked to the first piece of news about that item, until the whole thing becomes a theme. The news writers then begin to look for news items on excellence in education because the little bits begin to make sense as they are linked together. Each bit of news is simply an added dimension to the theme that has developed. The writer, Marianne Raywid, says:

> They not only select the objects of public attention, they also choose the concepts to be brought to bear on those objects. They then function to make these terms and the themes they name, the coin of the realm. Once the media has latched on to such a term, it comes to function as a slogan -- Excellence in Education -- regulating dispositions and sentiments and sometimes bearing meanings quite at odds with what the language itself might seem to recommend.

Following on to the phrase "sometimes bearing meanings that are quite at odds with what the language itself might seem to recommend", I have often wondered about, and I blamed ourselves for, the kind of ambiguity with which we seem to deal in education and the lack of precision that we often use in language. Perhaps it isn't our fault. Perhaps we are simply parroting what is provided for us through the media.

> The term "excellent" provides a good case in point. Our usage is no longer jarring although perhaps it should be. It is almost at odds as, for example, Oceania's "ignorance is stength". Surely there is something logically strange in the linking of the word "excellence" to strategies intended to homogenize inputs for all and to raise minimum standards or performance floors. This is excellence? Wouldn't an intuitive notion of excellence tie it to the extraordinary rather than to what is standard and common and link it with stimulating high level performance rather than recategorizing those at the bottom? Yet

standards and standardization are by far the most prevalent strategies associated with the pursuit of excellence in schools."

Television, then, is defining schooling in ways that may be quite inconsistent with reality.

We have had a change in the influence of the church. We have a multi-culture population now. We have moved away from the work ethic to the leisure ethic. We have moved in the direction of workers' rights, our own rights as teachers and the rights of other workers in society. We have moved to a smaller ratio of school age children and to an older population by and large. So there have been a lot of social changes and we cannot suggest that the schools can just go on merrily as if those changes were not impinging on it and on the decisions we make in education finance.

What are the economic changes that preoccupy us which also are impinging on these schools? Widespread unemployment, government deficits, the need for increased welfare are but a few. Again, as reported in the statistics provided by Wilf Brown, we have an older population, fewer children are being born and people are living longer. That older population, then, is making its claims on the public dollar. There are more women working outside the home. There is a need for two incomes in many families. Tied in to the new demographics of an older population there is an emphasis on pension requirements for teachers and for the total poulation. Also, the relative importance and strength of unions certainly has had and will continue to have an economic effect on what goes on in the schools in these past few decades.

What are the political changes? If financing of education is a political requirement, what does the political environment look like? What part of that context is impinging on us? There is a great proliferation of interest groups. Twenty or thirty years ago parties operated on party platforms that were relatively clearly articulated. People made their choices on the basis of those platforms and the world went on in some kind of confusion or lack thereof. We now have a shift in our political picture more closely resembling the American one where the interest groups are part of the system in forming lobbies with the political people. The politicians are now beginning to listen to interest groups.

They are also beginning to rule by poll. It used to be that the politicians felt they had the will of the people at the time of the election, that it was up to them to draw up their program and put it into place and hope that somehow all was going well in the intervening years between elections. It is no longer so. Every thought, every proposal, every suggestion of a proposal is flown out to the public in a public poll. The politicians are much less likely to exert either the party line of politics or their own inclinations, than to say: "It looks as though the public isn't pleased with that. We'll put it aside." In fact, it seems that we have almost outdone the need for an election, because the polls are stated right up to the election day. Surely, that is almost as representative of the election in terms of the number of people that go out to vote. Much more of our political life is influenced by polling.

Judgements are made on politicians based on television performance. We now judge premiers and prime ministers on how they can field a debate while we sit in our living rooms and observe through the television. Another part of the political life that comes to us through television is the question period. The complexion of the discussion in that question period is totally different now that it is being played to the T.V. cameras. There is no real discussion of the issues. That is not judgemental, necessarily. It is simply a case of saying that is the way the world looks. That is what we are living with. That is how politics are now conducted.

We have much more in the way of interprovincial alliances than we had in years gone by. The Council of Ministers is one that certainly leaps to mind most vividly as far as education is concerned. In my estimation, not one of the ministers of education makes a move without it being well discussed by the whole country and probably even choreographed and timed in terms of its implementation. So, when we see something happening in British Columbia or Newfoundland, we need to open our eyes to see and our ears to hear where it is coming from and expect it to spread rapidly.

We have much tougher government positions, than seemed to exist in the 50's and 60's. We have governments which are rather encouraged by the tough position they were able to take in freezing wages. Even though we didn't like it, made our marches, waved our banners and so on, they just carried on anyway and had public support for that kind of action, in spite of the way groups, such as teacher groups, regarded it. That was the beginning of a new era of toughness on the part of governments. British Columbia is a very obvious case in point of the toughness of a government. It may find that it has gone beyond what public opinion is prepared to bear, at least they are pushing at the boundaries. The British Columbia dismissal of school boards has left us astounded not only at tough action by a government, but that particular type of action. Throughout the whole political process there is a great increase in the militant positions groups have taken.

We have discussed the context in which the school exists, the social, economic and political realities and the changes that are taking place and will continue to take place. What do we do about that in terms of the financing of education? Those are the details we will be working on in the next two days. We will be looking at questions like: How do we raise revenue for these public services? There are three main ways of raising revenue: through taxes, through transfer payments from one level of government to another and borrowing. Usually in a public service like education borrowing has been limited to capital expenditures. That hasn't been the limit at the provincial and federal levels of government and the borrowing which has taken place is haunting us by the kind of restraints laid upon us.

How do we allocate resources in the primary, junior and senior years? What about post-secondary education? What about the allocation of resources for special education? A large share of available resources must go to the special education program. How does that fit in with all the other concepts with which we deal in terms of the financing of education? What

about the allocation of resources for the French language, for the heritage language, for community schools and so on?

What about the question of shifts from a decentralized to a more centralized role for the provincial governments? If there is a great deal of conferring among the provinces through the Council of Ministers and the outcomes are highly similar it makes us wonder whether the decentralization will be real or imagined.

What about the shift in collective bargaining from the local to the provincial level, and the shift, in some cases, of curriculum development from the local to the provincial level? What about this whole trend we see developing toward greater centralization in a number of areas?

Then there is the question of equity. What about the equal treatment of equals or the equal treatment of unequals when we have our grants based on a per pupil amount? It doesn't cost the same amount of money to educate every pupil. What about the unequal treatment of unequals in terms of special education and so on?

How do we determine adequacy? In the background documentation we have a comparison over a period of years. We can see in current and in real dollars how the money is allocated to education and the extent to which it appears to be adequate given the assumption that the first amount was adequate. How do we accommodate new programs? How do we accommodate new responsibilities that are placed on us, such as, drug education in the schools, early childhood education, child care and day care? How adequate are current financial proposals to deal with changes in society?

I raise the question of autonomy again, mainly because of what is happening in British Columbia, but also because there is a stronger push on the part of governments for more accountability at the provincial level. Implicit in that attitude is a lack of autonomy at the local level in the running of the schools and in the responsibilities that have been delegated to them. There is the whole question of autonomy and standardized testing on a provincial or even an interprovincial basis.

When considering public support for education, we have to be aware of how the public feels about us. This is where polls such as the CEA poll stand us in good stead. When the public was asked how much confidence they had in the federal government, the provincial government, the local government, the church, the public schools, the courts, labour unions and big business to serve their public needs, we are pleased to find that the schools were at the top of the list -- 75 per cent indicated a great deal or a fair amount of confidence in schools. We were happy to know that there is public defense of the schools. When asked whether they felt schools are better or worse than they used to be, we were encouraged to find that 43 per cent of the respondents felt they have improved, 13 per cent that they have not changed, 36 per cent felt they have worsened and 6 per cent don't know. We were also encouraged when we found that the more negative answers seemed to fall upon those respondents who don't have children in the schools.

I would ask you to bear with me while I read a column from this article. The author is talking about the news media defining the schools to the public which is expected to pay for the schools, the same public which influences the politicians making the decisions about these schools. How does that public get a picture of what is going on in education? This paragraph is called "the value of direct school contact with the public":

> What does this mean, then, for schools, which as public institutions must ultimately depend upon positive public sentiment and support? It seems to underscore once again the cruciality of direct school contact with the public. A study some years ago found that the public would rather get its information about schools from school officials than elsehere. What we need to do is to attempt to restore the conditions of such communication, and direct contact and involvement are probably essential to that. In earlier decades, schools could count on the enrolment of children as constituting at least some contact with their parents and, as earlier noted, Gallup polls underscore that adults with children in public schools think better of those schools than do others. But as the percentage of adults with in-school children declines, support accruing from enrolment will continue to dwindle. Thus the need will escalate for other points of school-community contact and for new means for involving the public. Furthermore, there is already a need to intensify and extend the involvement of parents: To say that adults with youngsters in school are more positive than those without is not necessarily to say that they represent solid support. When related to the Gallup findings, however, the experience of magnet schools tends to suggest that more extensive involvement correlates with more highly positive attitudes and judgements. And this, in turn, places a premium on several forms of public participation and community involvement currently being pursued. Such arrangements as internships, school business partnerships, community service programs and the use of the school as a community resource may prove increasingly important to public support.

The point is not made particularly here but, the best and the truest public relations we have in the school is the teacher in the classroom making the point with the parents of his or her own students. You don't have to influence the whole world. You only have to influence 30 sets of parents. The kind of PR and the reality of what is going on may seem a bit far removed from the funding of education but in my estimation it is at the heart of it.

The provision of a public good such as education is in the public and therefore political domain. Decisions about the resources to be made available are political decisions. Political decisions are ultimately the result of a complex combination of social, economic and political forces. The institutions, the schools, seeking the resources must be perceived by politicians to be valued by society, by the voters. That is all they are concerned about. Where does the good will come from? Does it come from school boards who tend most of the time to be complaining about what is going on in the schools, because ultimately they think that will affect

the collective bargaining in which they are engaged? Or will that goodwill have to come from the teachers themselves? The claim for scarce resources must compete with other claims from other segments of society: health, welfare, business investment and so on.

We are no longer in a zero position. The federal government and the provincial governments have large deficits which are distorting the normal economic and tax schemes. I suggest that it matters relatively little how convinced we are of our product or even the declining trends in real support for education if the public are not with us.

As we deliberate in these next two days I hope this somewhat broad framework will provide a basis for the complex topic, which will not only test our abilities and our energies, but the outcome of which will have such a profound effect on the schools and consequently on our country in the next few decades.

THE PUBLIC POLICY CONTEXT OF EDUCATION FINANCE

ALLAN MASLOVE
Carleton University

Thank you for inviting me here this morning. It is a pleasure to be here. Your invitation gave me the prod I needed to help me get through most of the 6 or 7 lbs. of budget material which Finance Minister Wilson dropped on us ten days ago.

This morning I would like to cover three general areas in an overview rather than in a lot of detail. During the question period, I would be pleased to go into more detail on any of the matters you would like to raise. The first of the three things I want to talk about is the general economic situation, as I read it, over the last three or four years leading up to the budget. The second is my assessment of what did happen in the budget, what Finance Minister Wilson actually has done. The third concerns some of the implications of the budget for education, in general, and for the provincial governments.

Let us begin with the 1981 to mid-1985 period when things seemed to be flying apart in all directions and people were having a lot of trouble sorting out exactly what was happening. With the onset of the recession and rapidly rising interest rates that went up to record levels, a number of things happened to government revenues. First of all, compared to what had been expected, government revenue fell quite dramatically. That was accounted for, first of all, by the general weakness of the economy. When incomes are down and people are unemployed, they pay less income tax, corporations pay less corporate tax, people are buying less and, therefore, there is less sales tax and less excise taxes collected. In addition to that, in 1981-82, the world price of oil stopped going up and in some periods actually declined. This meant that the government collected much less revenue than they expected to collect through various oil resource taxes that had been levied through the National Energy Program. So the first thing was quite a dramatic decline in revenues.

Secondly, with the recession, with higher unemployment and with higher interest rates, certain government expenditures increased. There is a myth that government spending is ballooning out of all control, that bureaucrats don't know what they are doing and they are spending money in all directions. That is just not true, but there were a couple of areas, in particular, where spending did go up. One, of course, was unemployment insurance payments because there were so many people unemployed, and the second area was interest on the public debt, which went up because interest rates were going up and the debt itself was increasing.

Third, the combination of those two things, a decline in revenue and an increase in spending, meant the deficit ballooned. At the time of Allan MacEachen's November 1981 Budget, the deficit was about $10 billion. Mr. MacEachen was predicting that the deficit today would probably be about $5 billion. What in fact happened was that it ballooned to $20 billion and is now sitting in the neighbourhood of $35 billion. Depending on

which year you look at, somewhere between two-thirds and three-quarters of that increase can be accounted for by depressed revenues and the remainder by increased spending, primarily unemployment insurance and debt interest payments.

Fourthly, beginning in the late 1970's the rate of personal savings in Canada increased quite dramatically and has risen to historically high levels. I want to come back to this point in a few minutes because it relates to another point I want to make.

What I conclude, when I put all those pieces together, is that the deficit the government now faces is really the consequence of the recession and not the cause of it. In fact, the system worked exactly as it was designed to work. When the economy goes into a recession, the government takes less revenue out of the system via taxes and puts more spending power into the economy through increasing its own spending and that moderates the severity of the recession. There is no great magic in that. Economists have been talking about that for at least 30 or 40 years. So, the system worked exactly as it was designed to work. If anything, the growing deficit moderated the recession, but did not cause it.

What can we make of the popular argument that one has to cut the deficit in order to restore economic health, growth and investment to the economy? Based on what I have said so far, I think that is wrong. That is going about it backwards. You don't want to cut the deficit precipitously because that will simply depress the economy even further than it already is.

Moreover, the argument that you need to bring down the deficit in order to bring down interest rates is also wrong. Interest rates are largely determined in world wide capital markets. I can't think of any market for any commodity or service which is more wide open world wide than the international capital market. To argue that our interest rates are high because our deficit is high is to live in a dream world that somehow the Canadian capital market is isolated from the rest of the world. That obviously is not true. We live in a world wide capital market in which Canada is a relatively small player. A $35 billion deficit is a big number, but in world wide terms, it is peanuts. The world wide capital market is largely influenced by what is happening in the United States. If the Canadian deficit were to disappear overnight nothing significant would happen to our interest rates as long as the Bank of Canada continues to pursue the exchange rate policy that it has been pursuing over the last several years, which is to try to prevent large declines in the exchange value of the Canadian dollar. Conversely, if the Bank of Canada were prepared to cut loose on exchange rates, to let the value of the Canadian dollar vis-ã-vis the American and other currencies depreciate significantly, we could bring our interest rates down even with our deficit where it is. So, I think there is no link between the Canadian deficit and Canadian interest rates.

My prescription, then, if I were advising Michael Wilson, would be to forget the currently large deficit and concentrate on economic growth, on reducing the level of unemployment and most importantly on bringing about some fundamental structural changes in the economy, some of which would

mean less government intervention and some, more. Then as the economy picks up and people go back to work, the deficit will decline on its own, just as it increased when people were being thrown out of work and the economy was going down hill. It worked in one direction and it will work in the other direction.

Secondly, what did Mr. Wilson actually do on budget night? Well, I guess there is good news and bad news. The good news is that he did not go after the deficit as aggressively as many expected and hoped he would, or as I had feared he would. By his estimates the deficit reduction for fiscal year 1985-86 is about $2 billion and for the next fiscal year 1986-87 it is about $4.3 billion. These are "optimistic" figures. If anything, I think the deficit reduction is going to be less than that and I will come back in a minute to why I think those deficit reduction numbers are probably on the high side. The people who were arguing that there was a need to cut the deficit by anywhere from $5 to $11 billion will be very disappointed by that. I think it is a good thing.

The rest of it I am afraid is bad news. In general, there was a substantial increase in taxes that will work in the direction of depressing consumption and a number of moves that work in the direction of encouraging savings. The unarticulated assumption or hope behind all of that was that if we can stimulate savings, create incentives for people to save more, then that will lead to higher levels of investment, higher investment leads to higher growth, more employment and everything follows very nicely from that.

Let me go over that with you. What did he do to depress consumption? Well, he increased the sales tax by one per cent across the board, increased a number of excise taxes such as cigarettes, tobacco and alcohol, expanded the sales tax base (increased the number of items that are taxable), all of which comes to about $1.5 billion of taxes on consumption for 1986. Also there was the partial deindexation of social payments, family allowance and old age security, which will depress consumption.

On the other hand to stimulate savings we have the virtual elimination of capital gains taxation, which I will also come back to. We have much more generous treatment on Registered Retirement Savings Plans (RRSP's). Those work in the direction of increasing incentives for people to save to the tune of almost $1 billion in 1986. So there is a significant shift: anti-consumption, pro-savings.

Now, will it lead to more investment which, as I said, is the unstated assumption behind it? Well, coming back to a point I made earlier, over the past four years the personal savings rate in Canada has been at historically high levels and investment has been depressed. With high levels of personal savings, there is a lot of money available for investment and yet over the past four years we have had very low, depressed levels of investment. If we stimulate personal savings even more now, what confidence do we have that this is going to lead to further investment?

Why did the government do this then? I think it comes from the notion that the deficit is a major roadblock to economic expansion in

Canada, that it is soaking up all the available capital and crowding out private investment. But, it is hard to see why real investment would increase as long as consumption spending is depressed and as long as corporations have major levels of excess capacity in their already existing productive capacities. If anything, this budget is going to depress consumption even further.

In addition, the removal of the capital gains tax is, in my view, too wide open. There is nothing to ensure that the kind of capital gains people are going to move towards are the kind that involve real investment. You can make use of the same tax provisions if you speculate in real estate as if you buy stocks in Canadian corporations. On balance, I wouldn't be very optimistic that we are going to see a large increase in investments based on that gamble in the budget.

More bad news, which is related to the previous point about the shift between consumption and investment and consumption and savings, is that the budget on balance makes the fiscal system in total more regressive or, to be more exact, less progressive. The capital gains tax, the retirement savings tax treatment, the increase in sales taxes, the increase in excise taxes, the deindexation of pensions and family allowances -- all of those things together, equalling roughly about $3 billion next year -- are regressive measures that impose, relatively speaking, heavier burdens on lower income than on upper income people.

What do we have that is progressive to offset this? There are basically three things in the budget. The cancellation of the Registered Home Ownership Savings Plan and the restructuring of the refundable child tax credit are both progressive. Those two things together come to about $250 million. So, we have $3 billion on the regressive side and $250 million on the progressive side. One other progressive item is the temporary surcharge on high income individuals for the rest of this year and for all of 1986. That will bring in about $500 million. I separate it from the other two because it is temporary. At the end of 1986 it will be gone and all these other changes are permanent. On balance, then, there is a substantial net move toward regressivity and away from progressivity. That goes hand in hand with taxing consumption and stimulating savings and is, if you like, another facet of the same phenomenon.

There is still more bad news. With the elimination of the capital gains tax for the first $500,000 on lifetime capital gains, the government has effectively abolished this tax for all but a very miniscule proportion of the population. What we have really seen is the death of the very last of the Carter Tax Commission reforms that were enacted in 1971. Back in the 1960's the Carter Royal Commission on Taxation produced a universally applauded document on how to design an equitable tax system. One of the few reforms that emerged from it in 1971 was the capital gains tax. With the elimination of that for all but a small portion of the population, the Carter tax report is effectively dead.

Finally, and I am not sure whether this is good news or bad news so I will just throw it out there and let you decide, on the expenditure side of the budget the cutbacks announced by the government compared to what they had led us to expect were relatively modest. It illustrates quite

dramatically, the difficulty in cutting back on established programs. If any government was in a position to make fundamental changes in the structure of federal spending it was this government. It came in with a huge majority. It appeared to have a lot of good will. It appeared to be in a very strong position to do some fundamental reorganization of government programs. What they have produced so far is a mouse. Their best opportunity has already passed. We will soon be in the pre-election period for the next election and will not see big changes in spending programs.

If you look at Michael Wilson's November 1984 economic statement together with the May budget, they announced targeted program cutbacks of about $2.7 billion for 1985-86 and $3.8 billion for 1986-87 out of, roughly speaking, a $100 billion budget. They are tinkering with somewhere between 3 and 4 per cent of the budget. In addition, they announced that through "Better Management" they are going to save about $2 billion this year and $2.7 billion next year. These latter two numbers, I think, are very soft and must be viewed with a lot of skepticism. This is why, in part, I said earlier that the deficit reduction numbers Wilson announced were on the high side. I don't know what it means to say you are going to save $2 billion or $3 billion by better management. Something probably could be saved there but they may or may not achieve savings of that kind.

Also, some of those program cutbacks are really artificial. Some of them involve things like delaying capital construction projects for a year or two so that the numbers for this year and next year look smaller, but the numbers for the following year are correspondingly larger, which is again why I say the deficit reduction numbers were optimistic.

All of these expenditure cutbacks and cancelling out of programs which are outdated or inefficient or not meeting their objectives are pretty modest. One of the things this illustrates is the power of vested interests. No matter how bad they may be, existing government programs have real beneficiaries who generally are acutely aware that cancellation or alteration could seriously affect their welfare. Therefore they have cause and incentive to join together to ensure the continuation of their program. They will do this even while saying: "Yes, there is a general need to cut back government spending. Cut spending, but don't touch my program. My program is special." No matter what program you point to, no matter where the government goes to free up some money so they can do something else, there are defenders of those programs available who can put up very strong defenses. The bureaucracies that deliver those programs are very often the allies of the beneficiaries of the program. That makes it very difficult for the government to act. On the other side, we have an amorphous mass of people, who are potential beneficiaries of the potential programs the government might do if they could free up the money from the existing programs to strike out in new directions. With that kind of imbalance it is easy to see why it is so difficult to cut.

What does all that mean for education? I think there is both a direct and an indirect impact on education. The direct impact is that in the budget, as I am sure many of you are aware, the government has targeted a cutback of about $2 billion per year to transfers to the provincial governments by the fiscal year 1990-91. Presumably this will be

reflected in the upcoming federal negotiations on federal-provincial transfer payments, particularly Established Programs Financing (EPF). The federal government has served notice that they are out to cut $2 billion from the program. Ostensibly, EPF is a program in support of health care and post-secondary education, but in fact all provinces have treated EPF as simply money, part of the general revenue pot. They have spent it on provincial priorities -- some of it on health, some of it on post-secondary education, but also some of it on a lot of other things, such as, transportation, primary and secondary education, and so on. If this money simply goes into general revenue and you cut $2 billion out of it you will shrink the general revenue pot. The provincial governments will then be forced to squeeze all of their spending programs in some fashion, including primary, secondary and post-secondary education.

The fact that the provinces will publicly scream about the irreparable damage that the feds are doing to the health care system and to the university system, can be taken with a very large grain of salt, a block of salt. That's largely public posture. In fact, what I think will happen, is that all areas will suffer depending upon their place in the provincial political agenda.

The indirect impact is that if the budget does not stimulate the economy, as I think it will not, unemployment will remain high and provincial revenues generated by the provincial governments themselves will also be depressed. The feds are not the only ones that have their revenues depressed in a time of high unemployment and recession. It also happens to the provincial governments. They also collect personal income, corporate income and sales taxes. If provincial revenues remain depressed it will continue to put pressure on provincial spending. At the same time, high unemployment will increase the demands on provincial governments to spend money in a number of areas of social support services and training programs to try and make people more employable. That means the provinces will be under political pressure to reorient their expenditures.

So, two things are happening, the available revenues are being restrained so there is a general restraint on expenditures and there will be pressure to reorient the composition of spending in order to provide social welfare and support services for unemployed people. What does that mean? It means that a lot of other things in the provincial budget will be squeezed. Included in that is, of course, education at all levels, except for the proviso about training. Community colleges in Ontario, for example, in relative terms would probably be in a good position because they can argue that they are providing direct labour market related trades to make unemployed people more employable.

One last point that does not deal exclusively with education, but is a more general thought. I think that what we really need in Canada is to address some fundamental structural problems in our economy. The Canadian economy is very rigid and does not adapt easily to changing economic demands or circumstances. In some ways the tragedy of this budget is that the government has lost a golden opportunity to begin the process of restructuring. That process involves government withdrawing from some things it is doing and going more deeply into other things. It involves

regulation reform, regional policies in Canada, fiscal federalism structures in Canada and trade policy. It does appear that something is happening on that side involving a trade agreement with the United States which may or may not be a good thing. I am not convinced that is the way to go, but certainly trade issues have to be addressed. It has to do with government policies to support firms in declining industries, loans and loan guarantees which serve to further rigidify the economy and make it more difficult for people to adjust, with tax reform, with labour market training programs, with a whole range of other things.

AN ALTERNATIVE STRATEGY FOR RESTRUCTURING THE CANADIAN ECONOMY

JOHN CALVERT
Canadian Union of Public Employees

I would like to say that I am very pleased that the Canadian Teachers' Federation and its affiliates have asked me to come to speak today. This is, for me, a very important occasion. I think it is extremely useful for all of us who are involved in the educational sector, whether it be trade unions, teachers' federations or faculty associations, to get together from time to time to exchange information, views and experience. I see that on the agenda there is a question period at the end of my speech. I hope that if there are some questions, perhaps not directly related to my speech, but having to do with how we can share information or work together in other ways, that you will raise them at that time.

The logical starting point for a discussion about alternate economic strategies in the educational sector is to look at what has been happening in terms of broader economic policy. Since we have just had a new federal budget this is a good place to begin. If you have read the budget speech and the information released in the budget papers, you will probably be aware that Finance Minister Wilson has presented us with a very reactionary budget. It is a regressive budget. It is a budget which is deflationary; which will take $4.5 million out of the economy this year and much more in the future. It is a budget which is very inegalitarian. It will increase disparities of income and wealth significantly. It is a budget which violates the numerous promises made in the election campaign by the Tory government to preserve and protect social programs. It is a budget which launches a direct attack on the public sector by slashing 30,000 federal government jobs and cutting transfer payments to the provinces by $2 billion by 1990. It is a budget which attacks those in society who are most vulnerable and least able to protect themselves: the old, who are losing full indexation of their pensions; women, who depend upon family allowances; young families, whose need for day care has been ignored; and all those dependent on social services which are indirectly funded by federal government transfers.

I believe your speakers yesterday discussed the main points of the budget proposals and sketched out their impact in some detail. I will, therefore, not dwell on these points further. Instead, I would like to examine the reasoning behind the budget. Why has this government (and previous Liberal governments) been following such regressive policies? What makes them think that such changes will address our economic problems?

Perhaps the first part of an explanation is to recognize that the basic purpose of the budget is to provide a more favourable investment climate for business, that is, for private capital. Virtually everything in the budget can be summarized in terms of attempting to create conditions where investors will have more freedom and more control over the economy. This strategy is embodied in the popular slogans of the right

we hear every day: downsizing government, privatizing services, deregulation, deficit reduction, free trade, restoring international competitiveness and implementing corporate tax cuts or, as they are often misleadingly called, tax reforms.

These components of the Tory agenda reflect a general thrust to give business a freer hand to invest, to make profits, and to carry out a major reorganization of production in the economy. If we provide business with this kind of environment, the argument goes, firms will invest, create jobs and generate economic growth. Given the appropriate conditions, the private sector will restore our ailing economy to health. This summarizes the present government's approach to economic policy and, I might add, the basic approach of previous Liberal governments as well.

The implementation of this strategy does not come without costs. These regressive policies place an onerous -- and unfair -- burden on many groups in society. I will list just a few of these costs: cuts in a wide range of socially needed government programs (including federal transfers to the provinces which fund education); growing disparities in income and wealth; regressive tax changes; lower real wages and salaries for workers; fewer regulations to protect consumers from excessive price increases and shoddy merchandise; the erosion of medicare; and the gradual undermining of our educational system. In short, the establishment of a more favourable investment climate in the present international economic situation means dismantling a whole range of public institutions and programs which make our society a civilized and decent place to live.

The impact of such policies is illustrated, for example, in the issue of deregulation. The thrust of deregulation is much more than simply lifting government regulations from certain areas of economic activity. It also involves taking away consumer protection laws, relaxing workplace health and safety regulations and dismantling restrictions on monopoly practices. All these actions are part of the overall agenda of deregulation. This is because the various regulations in these areas are viewed by the corporate sector as government intrusions into the economy which constitute impediments to Canada becoming more internationally competitive.

Deregulation is only one example. Perhaps the most significant of these regressive economic measures has been the deliberate policy of allowing unemployment to increase. High unemployment is viewed by many in the corporate sector as necessary to improve labour discipline and to engender a climate of fear and insecurity among workers such that they will accept wage rollbacks and contract concessions. High unemployment undermines the bargaining power of labour and gives corporations enhanced control over the workplace -- control which they see as necessary to carry out the kind of reorganization they feel is needed to make us more "internationally competitive".

Deregulation, higher unemployment and the various other components of the Tory economic agenda are all part and parcel of the thrust to create a more favourable investment climate. What we are seeing in reality, is that all Canadians are being required to make major <u>social concessions</u> in

order to create the conditions business feels are necessary for higher profitability in Canada.

Although the most recent budget provides the most obvious example of governments adopting the corporate agenda, it is also important to see the continuity of this budget with its predecessors. Indeed, we have had virtually ten years of this kind of policy, albeit in a less extreme form. The rightward shift began with the Turner budget of 1975. That budget included a package of measures, including the Anti-Inflation Board, which reflected a basic change in the direction of government policy. The Turner budget signalled the beginning of restraint policies. Since then, such policies have cut a wider and wider swath through our social programs. We've had a decade of restraint; a decade of being concerned about deficit reduction; and a decade of regressive policies.

The question I would ask, and I think it is a legitimate one, is "what has been the result of these policies?" After a decade of restraint and social concessions to business, where is the investment the corporations promised? Where are the jobs? If the reason business has still refused to invest is that it has not yet received enough, at what point does this process end? We have already made enormous social sacrifices to create a favourable investment climate. How many further social concessions do we have to make before the investment promised by proponents of the private sector finally materializes?

In my view, there is no end to this appeasement of the corporate sector. The strategy is entirely bankrupt as a decade of corporate concessions clearly demonstrates. It's a dead end.

I will give you an example of how appeasing business does not work. The Foreign Investment Review Agency was established to place a few modest controls on foreign takeovers. It was set up as a way of dealing with Canadian factories being bought up and closed down to reduce competition. In my view, it never did a lot in terms of limiting foreign investment. There were a few companies whose investment projects were so outrageous that they were rejected, but by and large, well over 90 per cent of all proposed investments and takeovers that went to the Foreign Investment Review Agency for approval were passed. However, the Agency became a symbol of how government intervention was undermining the economy and deterring foreign investment. It became an article of faith in the corporate boardrooms that F.I.R.A. had to go. Accordingly there was an enormous campaign by the business community over the last three or four years to have this agency abolished.

The new government has done what business wanted. It established Investment Canada to replace F.I.R.A. and gave it a mandate to welcome and solicit foreign investment. What has happened since then? Well Tom Walkom, a reporter from the Toronto Globe, went down to New York just after the Foreign Investment Review Agency was abolished. He interviewed bankers, businessmen and other executives, who had been claiming that they wanted the Foreign Investment Review Agency abolished because they felt it is the major impediment to them investing in Canada. He asked: "Now that it is gone, how much are you going to invest?" They said, "We like the fact that it is gone, but we don't actually have any plans to invest."

"Why is that?" he asked. "Well," they responded, "there is no market to justify new investment."

Why is there no market? If you think about it, the reason is obvious: the policies we have been following over the last decade -- policies advocated by business -- have reduced real incomes and cut demand. So it turns out that the absence of demand is really the fundamental problem, not the existence of the Foreign Investment Review Agency. It is ironic, but true, that abolishing F.I.R.A. has done nothing to promote new investment. Despite enormous social concessions, business has not delivered. And there is no sign that it will deliver. Creating a "more favourable investment climate" does not guarantee that investment will actually take place.

As we have moved toward more regressive policies, starting in the mid-1970's, the economy has continued to deteriorate, particularly in terms of unemployment and lack of investment in key areas such as manufacturing. Our economic policy is analogous to the 19th century "cures" physicians promoted: blood letting. Their theory was that you had to take the bad blood out of a patient in order for him or her to revive. If the patient's illness became more severe after one treatment, you had to take out more blood, because obviously you had not removed enough in the first instance. If this still did not work, you had to continue this process until, finally, the patient recovered or died. If the patient died, the conclusion drawn was that you had not let out enough blood soon enough. It took a long time before the medical community realized that the "cure" was actually more harmful than the disease.

The parallels with current economic policy are clear. The problem with the Liberal governments' economic policy in the past, according to the Tories, is that they did not deflate enough: they did not cut the deficit sufficiently and they did not chop public programs ruthlessly enough. That is their view of why the economy is not recovering now. It is therefore not surprising that their solution is to get on with it and really do it. If small cuts in public spending do not work, then what is needed is a massive attack on social programs.

This way of thinking also reminds us very much of what happened in the 1930's. During that period all conventional -- and respected -- economists (except Keynes and a few others of his ilk) identified the main problem not as mass unemployment and the tremendous loss of production which occurred with the crash of 1929, but, rather, as the size of government deficits. I am not myself a Keynesian, but people like Keynes, who were advocating something a bit more progressive in terms of inflating the economy were thought to be simply silly. They were silly because they didn't agree with mainstream economists that the real economic problem was how to bring down government deficits. It was the experience of World War II and the massive government led expansion of the economies of the West which revealed how wrong the mainstream economists of the 1930's really were.

The obsession with controlling government deficits, rather than dealing with the economic problems which were ultimately the source of the deficits has its parallel with the concerns of the right wing economists

today. Regrettably we are again following the same logic. Instead of addressing our fundamental economic problems, governments are obsessed with treating symptoms. And the deficit is very much a symptom, not the cause of our economic malaise.

When we look at the economic cost of treating symptoms, we see that it is extremely high. The cost of deflationary policies in terms of lost production, high unemployment and lack of a market to justify future investment, is enormous. The cost in terms of lost growth and lost tax revenue for government has been high as well. You can't have one and a half to two million people unemployed -- you can't have that level of lost production -- and still have adequate government revenues.

It is ironic that high unemployment -- the very unemployment business sees as useful for disciplining the labour force -- is itself one of the fundamental causes of the deficit that the corporate sector is so anxious to cut. The reasons are obvious. When unemployment goes up, government revenues are reduced because there are fewer taxpayers, and government expenditures are increased because it has to support people through unemployment insurance and other social support programs.

Another cost of treating symptoms has been the slashing of government capital expenditures, that is government investment. Much of the capital expenditure of government goes to building the economic infrastructure of our country -- the roads, railways, airports, research and development facilities, reforestation and a wide range of other items needed to make our economy function efficiently. The obsession with short-term deficit reduction has led to a drop in government capital expenditures from 12.5 per cent of G.N.P. in the early 1960's to 9 per cent today. To curtail expenditures on the economic infrastructure is to guarantee that the economy will be less, not more, efficient in the future.

As the preceding illustrations underline, the costs of these regressive policies has been enormous. Yet as the costs continue to mount what do governments and business see as a solution? Well, it is to cut government spending and deflate the economy even further. Ultimately, that means unemployment will remain the same or probably go up. Indeed, the estimates in the budget papers suggest it will marginally increase over the next three or four years by half a per cent. There is no short-term pain for long-term gain as business suggests. Deflating the economy doesn't work because it does not address the fundamental problems at all. The parallel with my anology about the 19th century physicians is that the more the economy deteriorates as a consequence of right wing policies, the more business pushes for even more regressive policies. And, regrettably, as ordinary Canadians become more and more concerned about their economic future, the more they become vulnerable to any kind of solution -- no matter how regressive -- if it appears to offer a way out in the long term.

If, as I have argued, the business solution has failed and will continue to fail, then where should we be going? It is clear that the present policies are not going to work -- at least for ordinary people. Consequently, we have to start talking about an alternative economic strategy. That strategy must focus on the need for new investment. The

failure of business-oriented policies in the past has been that, despite the social concessions, the private sector has not invested -- or more accurately, has not invested sufficiently to provide jobs and economic development. Thus we should be developing investment policies which will create jobs, expand needed services, strengthen the basic infrastructure of the economy and lay the basis for future growth. To put this another way, it is important not only that we have enough investment: but also, that it goes into the right sectors of the economy and that the investment is part of a well thought-out strategy.

Since the private sector has failed, as it clearly has, we have to begin thinking about how to use the public sector as the leading edge of economic development. I know that this view is not fashionable right now. I realize that is not popular and it goes against what business interests have been saying for the past decade. But it seems to me the alternative is much worse. If we look at where we are now going (or where we have gone over the last decade), the only rational alternative is that of more public involvement and more public direction of the economy.

Yet before we can sensibly put forward an alternative strategy which uses the public sector we have to think about why greater public intervention is not seen as a credible answer right now. Despite the deteriorating economic situation we are now in, why do people not see the possibility of using the public sector as a way of addressing our economic problems?

One of the fundamental reasons is that the kind of public sector we've had in the past is one which has been influenced and organized by governments who have not been committed to providing extensive, effective and efficient public services. In fact, the whole thrust of government policy over the last decade has been to chip away at public programs; to undermine the quality and extent of public services. In short, business-oriented governments have not run the public sector very well.

The irony is that those of us who defend the public sector, who want to maintain public programs, are caught in a bind. Governments which are basically sympathetic to the private sector have mismanaged the public. And we end up having to defend <u>that</u> public sector. Well, I don't feel I have to defend that public sector. I don't feel I have to defend Brian Mulroney's patronage or John Turner's patronage or the ways in which the public sector has been used to provide hidden subsidies for private investors. I don't feel that I need to justify the mismanagement by these right wing governments.

At the same time, I think it is very important to understand why there are problems in the public sector. Why do people feel alienated? Why are they so concerned about big government? That concern is not merely ideological or simply a reflection of what they have heard from the media. It is also based on their own personal experience. Think, for a moment, what your experience would be with the Unemployment Insurance Commission or the social welfare system if you lost your job. It's not a pleasant prospect because these agencies act, in part, as agencies of social control over the people who they are ostensibly supposed to service. As a consequence of their experience, people develop negative

feelings towards government. I am not saying those programs are bad. They are important, needed, and, regrettably, far too limited in scope. Rather, what I am saying is that too often they are administered in such a way as to alienate the people they are supposed to serve. The same situation exists in many other government programs. Although some aspects of them are sound, they are administered in a way that alienates ordinary Canadians.

We have to look at the way in which business-oriented governments have mismanaged the public sector. Instead of defending the public sector in the abstract, we need to talk about how to build a better public sector, a public sector which is more responsive to community needs, to the needs of consumers of services, and to the needs of workers in the public sector. We have to talk about how to reorganize that public sector as well. I make that point because I am not just arguing for more of the status quo. It is not good enough. Politically, it is not a viable strategy. I am talking about initiating a wide-ranging discussion about a different kind of public sector -- one which is much more responsive to community needs. That is a debate which has to be developed. I do not have all the answers. But answers about how the public sector could be reorganized are absolutely fundamental to defending it and to improving the kind of services we provide.

Turning from the public sector to the wider economy, we in CUPE have developed a ten point program which some of you may have seen. The first point is that we have to look, in the short term, at reflating the economy. This is not a long term answer as it doesn't deal with structural problems in the economy. But it needs to be done to address the immediate hardship facing many Canadians.

Approximately 30,000 federal public sector jobs are going to disappear as a consequence of this budget alone and tens of thousands of provincial, municipal and educational employees will lose their jobs because of Wilson's $2 billion cut in transfers. Instead of deflating the economy and throwing people out of work, we need policies that stimulate the economy.

This leads us to the second point: ending cuts in public spending. We have to become much more aggressive about defending the public sector. Not only are cuts in public programs hurting the community: they are further deflating the economy. This will only make our economic problems worse.

A third component of an economic strategy is to have more control over interest rates so that we can lower them. This is not pie in the sky. There are ways in which this can be done. Lowering interest rates by several percentage points would provide an enormous boost to the economy and would make investment much cheaper. It would also cut the government deficit quite dramatically because interest payments are a large part of the overall deficit.

We also have to stop capital from leaving the country. To address the problem of increasing investment and getting investment into the right sectors of the economy, we have to look at placing controls on capital leaving the country. Exchange controls have been used regularly by a

whole range of countries. Nixon introduced them in 1971 in the United States. We had them here in Canada during the war. Britain had them until 1979. Talking about exchange controls is not something that is particularly radical or new. It is something which has been used by western governments at different times as part of their overall economic policy. You cannot talk about investment strategy unless you have a means of preventing a flight of capital.

We also have to talk about public control of the banking system. I wish I had about two hours to talk to you about what is going on in the banking system and the gross mismanagement of investment funds as a consequence of the way in which our banks have managed our savings. The banks have funded foreign property speculation. You will remember about three years ago Canadian-owned oil companies were leaving Canada because of the National Energy Program. They were investing in Texas and Arizona, where they thought they were going to make more money than in Canada. Those schemes were funded by our banks even though the result was a loss in Canadian jobs. The investment by Canadian developers in the real estate boom in the United States was funded largely by our banks as well. The banks have exported capital and encouraged people to invest overseas. They have shown little or no concern about ensuring that investments would lead to the rational development of our economy. If we are going to have an investment strategy that makes sense public control is needed over the institutions which now control investment: the banks.

The sixth is that we have to look at cutting defense spending. I recognize that this is a controversial issue and that there is considerable diversity of opinion about cutting military spending. But purely from an economic point of view, defense spending is very wasteful. For one thing, it creates unemployment. How does it do this? Well, if the money Canada now spends on defense were given to consumers it would immediately create over 110,000 jobs. If it were spent in other parts of the public sector, the additional number of jobs would be much greater. The cost in terms of lost investment in this country is also very large. And the loss to Canadians in the form of educational, health care and other public services which could be purchased is very significant as well.

Another policy which may be necessary is that of price controls. Our economy has very strong inflationary tendencies. Despite the deflationary impact of mass unemployment of 1.4 million officially (and over 2 million in reality) inflation is still running at a rate of 4 to 5 per cent. Given that we have recently experienced 12 or 13 per cent inflation, 4 or 5 per cent may not seem very much. However, only two decades ago people thought that 4 or 5 per cent inflation was outrageous. And it is. And, if we were to put the unemployed back to work, the inflationary tendencies might well appear again with a vengeance. Hence we need to think about having a system of price controls.

We also need to talk about the expansion of the public sector through crown corporations and the growth of public services. Indeed, growth of the public sector is essential to curb unemployment. If you look at the economy you will see high unemployment in our traditional export-oriented industries such as forestry and mining. There is little prospect that

these industries will be the source of new jobs. We just might hold the line in terms of manufacturing employment.

Our population is growing. If we are going to provide jobs we have got to look at where jobs have been created in the past. That is in the service sector. We have to ask ourselves in which areas of the service sector does it make sense to create jobs, public or private? It is clear to me that priority should be given to the former. The public sector can and should be used on a large scale to create employment. In terms of meeting our social needs, it makes sense. It also makes sense in terms of providing decent jobs for those employed.

Of course, we need to talk about financing an alternate economic program. While this can be done it will require massive change in the structure of government revenue collection and taxation. Our tax policies are among the most inegalitarian and regressive in the Western world. The new half million dollars capital gains exemption introduced by Michael Wilson typifies the unfairness of our tax system. Basically, if you work for a living you will be taxed to the hilt. But if you are an investor, you will be coddled and favoured, often to the point of paying no tax at all. How could any government justify giving investors a half million dollar tax holiday, while deindexing old age pensions at the very same time on the grounds that we cannot afford to pay for decent pensions anymore? A fundamental reorganization of our tax system is therefore absolutely central to any kind of viable economic strategy.

The preceding ten points are dealt with much more extensively in the article which was given out to you. You will find in it a much more detailed look at each point along with the substantiating economic data. I only wish I had more time to go through that material in more detail.

Public education must be an integral and important component of the public sector to revitalize our economy. We should make no apology about this. When you think about the social value of production and discard the market rhetoric, it quickly becomes apparent that the social value of educational spending is much greater than that of most private sector goods and services. This is a value judgement, but one that needs to be made. If you think about all the ways in which private sector investment is of marginal social value and compare that with the value we receive from public education, I think the benefits of the latter are clear.

This value judgement contradicts the prevailing view promoted by business interests. When we hear the business community, commenting on public sector spending, they assert that the public sector is non-productive and the private sector is productive. The implication is that the former is a drain on the latter. I think this argument is simply false.

If you look at the production of a whole range of public sector enterprises it becomes obvious that distinctions between public and private sector in terms of "productive" make little sense. How can one say that Air Canada is non-productive and CP Air is productive? It doesn't make sense. The same is true of CN and CP. And public or private education for that matter.

The real distinction is not between productive and non-productive, but rather between profitable and unprofitable. However, by confusing productive with profitable, the corporate sector has been largely successful in promoting the myth that there is no production in the public sector, only consumption of resources. As long as many Canadians believe this myth, the prospects for using the public sector to resolve our economic problems will remain limited.

Obviously, many of you are familiar with the contribution that educational spending makes in terms of training and educating the labour force. You are also familiar with the whole range of manpower -- or perhaps more properly, personpower -- requirements which are needed for any modern industrialized economy to operate. We need a skilled, educated workforce. This is particularly so given the increasingly high tech nature of industry. It is really people's skills, intelligence and abilities that will lay the foundation for future growth in this country. A development strategy which does not focus on investment in the education sector is a strategy which is fatally flawed.

If the educational system is to play a useful role as a component of an overall development strategy, we have to recognize that it cannot be promoted in isolation from other parts of the public sector. An alternate strategy involves the public sector as a whole. Education fits in, along with hospitals, nursing homes, municipal services, day care and so on. You can't defend education in isolation.

If the government is successful in persuading Canadians that further massive public sector cuts are necessary to resolve the economic crisis, it is that much harder for us to make a case for our area being the exception. The logic is that the whole of the public sector gets cut back. That, in fact, is what has been happening. So, we can't talk about just defending education or just defending hospitals or just defending certain other social services. The attack is on all of the public sector. I think it is a mistake, strategically, to think that defending education is in isolation from the rest of the public sector.

When we put forward a defense of the public sector and an economic program based on using the public sector as a leading edge of economic development, we have to consider very seriously the question of coalitions, alliances and building bridges with other groups and organizations. We have to think about how to build popular support for an alternate economic strategy. For we cannot do it ourselves in isolation. Allies are necessary.

This is something that I would like to speak about in terms of my experience in CUPE. I will give you an example from Ontario. CUPE represents most of the day care workers who are unionized in the province. We have been involved in organizing them for the last five or six years. While the process has been frustrating and while we have had some setbacks, we have also had some notable success in certain cities, particularly Ottawa.

The problem with day care as a public service is that it is totally underfunded. This underfunding stems partly from the policies of the

provincial government who have not wanted to spend money on day care. It also stems from the problems with the Canada Assistance Plan, which is the federal-provincial cost sharing arrangement. Day care is seen as a welfare measure under this legislation and treated accordingly.

In Ontario, day care workers, many of whom have Bachelors or Masters degrees, are paid anywhere from $12,000 to $15,000 a year. These salaries are appalling considering the training and qualifications required. The employer in most cases is a parent-controlled or a community board that gets a subsidy from the provincial or municipal government. Because these subsidies are totally inadequate the boards often do not have the resources to pay decent salaries or improve the quality of services.

Our strategy has been not to see those parent boards or community boards as the adversary which would be the traditional labour management approach. Rather we have seen them as people we can work with to build a coalition for greater funding both to improve services and to raise salaries. That is not to say that we don't bargain with them when that is appropriate. But we also see them as allies in building up the day care sector; in providing the political clout we need to get day care funding from the provincial and federal governments. This approach has lead to supporting the founding of an organization called the Canadian Day Care Advocacy Association. The C.D.C.A.A. is now supported by a whole range of organizations across the country -- church groups, community organizations, unions, women's groups and others. Although it has only been in operation for several years, it has already had the impact of forcing the Province of Ontario to put $27 million into day care just before the last provincial election. The C.D.C.A.A. made day care such an important issue in the provincial political scene that the previous Ontario Tory government felt it necessary to appease the day care community by providing additional money. It did so in the hope that this would diffuse the day care issue during the provincial election.

The example of the C.D.C.A.A. illustrates the value of a strategy to build alliances and coalitions as part of a broader approach to defending the public sector. It was only by working with parents and with the day care community that more funding for the service became a political reality.

In a broader sense, there is a natural alliance between the consumers of many public services and the people who provide them, whether they be teachers, hospital workers, municipal employees or whatever. It is very important that we try, consciously, to build alliances with those groups, because public sector workers cannot, on their own, defend and advance the services they provide.

We can't do it simply through the collective bargaining process either. It is not possible. In some ways this creates a crisis for us, because in the union movement what we have learned to do and what we do best is to bargain. We have a whole set of institutions established on the basis of collective bargaining. Most of our resources go into collective bargaining. So, learning how to work with groups and coalitions, learning how to work with consumers of services and putting resources, time and energy into that process is new for us. It is difficult. It

means in some sense diverting resources and energy from bargaining. Ultimately, it means a major change in the way in which we operate. But I think in terms of the long-term defense of the public sector it is the way we have to go. Our experience with day care shows that this strategy can and does work.

Finally, a strategy of building alliances prevents governments and business interests from driving a wedge between our members (whether they be trade union members or members of teacher federations) and the public we serve. There can be a strong alliance between our members and the public. Yet as long as governments succeed in portraying us as having separate, sectional interests -- interests which exploit the public as opposed to having interests which correspond to the public's need for services -- as long as governments continue to divide us and as long as we do not take measures to build those bridges, then they will continue to succeed in their attack on the public sector.

I would like to end on a high note. I think that the right wing offensive against the public sector may be starting to peak. Thatcher, in Britain, Reagan, in the United States, are running into trouble because people are starting to see the consequences of their policies. I think we may see a turn around in the next two or three years. That suggests to me that it may be an appropriate time for alternatives to go on the political agenda. There is no question that we need a serious discussion of economic priorities and policies. Now is the time to start that discussion.

In conclusion, I would like to thank the Canadian Teachers' Federation for giving me an opportunity to speak today. I look forward to the question period that follows. And, I look forward to the continuation of a dialogue between teachers and other public sector workers.

CAN PUBLIC SERVICE UNIONS RETAIN (OR RETRIEVE) THE RIGHT TO FULL AND FREE COLLECTIVE BARGAINING?

NANCY RICHE
National Union of Provincial Government Employees

I would first like to thank the planning committee for inviting me, for inviting NUPGE, to participate in this seminar.

Interesting question -- can public sector unions retain (or retrieve) the right to full and free collective bargaining? Before I begin, I want to do two things. First, delete the words "retain" and "or" and remove the brackets from the word "retrieve" so that the working title becomes: Can public sector unions retrieve the right to full and free collective bargaining. Secondly, define "full and free collective bargaining" so that you all know from the outset where I'm coming from. Naturally, we believe that freedom of association under the Charter means the right to join a union and all that that entails, and since we all seem to be becoming more and more involved in litigation these days -- and I expect even more so in the days to come -- I will use a recent judicial definition. In a decision handed down from the Ontario Divisional Court in 1983, re Service Employees' International Union and Broadway Manor, Justice Gallaghan in interpreting "Freedom of Association" in the Charter said:

> "Freedom of association must include freedom to engage in conduct which is reasonably consonant with the lawful objects of an association. The purpose of an association of workers in the union is to advance their common interests. If they are not free to take such lawful steps that they see as reasonable to advance these interests including bargaining and striking, then as a practical matter their association is barren and useless. In guaranteeing workers freedom of association, the Charter also guarantees at the very least their freedom to organize, to choose their own union, to bargain and to strike."

Justice O'Leary, in the same decision stated that freedom of association:

> "Includes the right of employees to join or form trade unions of their choice and to bargain collectively. It also includes the right of employees to strike. The ability to strike, in the absence of some kind of binding conciliation or arbitration, is the only substantial economic weapon available to employees."

O'Leary goes on to say that:

> "... if the right to organize and bargain collectively is to have significant value, then the right to strike must also be a right included in the expression 'freedom of association'."

And finally, the words of Justice Smith in the same case:

> "Freedom to associate carries with it the freedom to meet to pursue the lawful objects and activities essential to the association's purpose; in this instance the well being, economic and otherwise, of its members. The freedom to associate as used in the Charter, not being on its face a limited one, includes the freedom to organize, to bargain collectively and is a necessary corollary to strike."

Not all judges have said this, but I'll stick with Gallaghan, O'Leary and Smith.

Using the definition that full and free collective bargaining means the right to strike, then neither retain nor retrieve are correct for some public sector workers in Canada. For them, the operative word is acquire or gain. However, we will talk in terms of retrieving.

I want to first of all review what has happened over the last few years to public sector employees. In November 1980 a small local of 80 members (support staff at a community college) went on strike in Newfoundland to break the government's non-legislated guidelines. In December they were joined by a group of 60, mostly clerical workers from WCB. They stayed on the picket lines for six months. Only after the negotiating teams took over an office in the Department of Labour and went on a hunger strike -- thereby getting national news coverage -- were they successful. The wage guidelines they broke were 8 and 8! All groups that followed, including teachers, were able to negotiate higher increases. So, using the strike weapon they were successful.

Was that only five years ago? For public sector employees, it has been downhill ever since! I would venture to say that if you look at any group of public employees who won better agreements through any form of withdrawal of services or work stoppages, you will find that new legislation came shortly thereafter that took away the previously held right. And, for the most part, we never saw it coming.

Since 1983 in every province we had been under some kind of wage restraint. They have called them guidelines; they have called them voluntary; and always they have called them necessary. But, whatever they call them, and whether they are legislated or not, any kind of wage restraint program eliminates negotiations -- collective bargaining.

Once the labour movement got over the initial shock of wage guidelines, it was believed that this period could be used to get progressive contract language on the non-monetary items. This was not to be the case, for hot on the heels of the guidelines, there was a real flurry across the land to rewrite labour legislation. One would almost think that the labour ministers at one of their get-togethers had a competition to see who could write the most regressive legislation the fastest.

For example, in British Columbia Bill 28 places restrictions on secondary picketing, has redefined "strike" to outlaw "political" work stoppages, has made a vote mandatory for union certification, and gives

Cabinet the authority to designate construction projects open to non-union and union workers.

Alberta brought in Bill 44 which removes the right to strike for hospital workers, establishes a new system of compulsory binding arbitration where arbitrators must consider government fiscal policy, and permits a six-month suspension of the automatic check-off of union dues in the event of wildcat strikes.

In Quebec draft legislation to amend the labour code was introduced in January of 1985. This legislation, in its initial stages would see salaries decreed annually by the government based on information on comparable pay levels in the private sector from a proposed pay research bureau. The right to strike on salary and all other issues of remuneration would be removed. An essential services board would be authorized to order an end to illegal strikes, work slowdowns and other pressure tactics to relieve the National Assembly of the responsibility, for example, for enacting back to work legislation.

In my home province of Newfoundland, the last three years have been a constant battle with the Peckford government. In May of 1983, Bill 59, an Act to Amend the Public Service (Collective Bargaining) Act, substantially removed the right to strike by placing so many conditions and restrictions on it; it redefined the word "employee" thereby preventing some 2,500 public employees from joining a union; and it gave the government the unilateral authority to designate up to 50 per cent of the employees in a bargaining unit as "essential".

There are a number of reasons why provincial governments have acted as they have, but there is no doubt that the recession was the major cause. Legislators (our employers) finding unions in a somewhat weakened position seized upon the opportunity to take away some of their rights and certainly their newly-found power. And they did all this knowing full well that the public was on the side of government.

Polls taken during the last few years indicate that unions are not very popular, and a recent DECIMA poll shows that 84 per cent of Canadians want government to reduce the number of people working for government. Ian McKinnon, Vice-President of DECIMA who released this information to a CLC Executive Council meeting recently, also made the point that the most critical public for unions is our own membership.

Our union's members have marched on legislatures from St. John's to Victoria. We've mounted court challenges on the loss of our bargaining rights. We had some initial successes in the courts, e.g., the Broadway Manor case in Ontario. However, recent rulings in other jurisdictions have tended to nullify the impact of the Ontario verdict.

We have not only mounted court challenges within the country, we have also complained to the ILO, arguing that four provinces, British Columbia, Alberta, Ontario and Newfoundland, have violated ILO Conventions signed by the Government of Canada. Late last year the group hearing these complaints recommended that a study session come to Canada and investigate these situations. It's highly unusual for the ILO to ask for a study

mission in a democratic society such as Canada's. Normally, their study missions occur in countries considered far more autocratic.

Our latest information is that the mission will come in August; however, at this point British Columbia is not included in the visit. We are working very hard to change this since we believe that any study of provincial labour relations must include British Columbia.

It must be said, however, that while the ILO may eventually find in favour of the unions, it will be somewhat of a moral victory. We will simply have to have made-in-Canada solutions and not rely on an international forum to determine right and wrong for us.

Despite all the press releases, the marching, the retaining of legal skills, the political pressures, the briefs, the judicial challenges and judgements, and the complaints to the ILO, the net result is that all of these have failed to halt the assault on public sector workers. And so the labour movement is left with the question, "What do we do now?"

Maybe we should start with our own image. As stated earlier public respect of unions has declined. A 1984 Gallop Poll showed that 62 per cent of those questioned believed that "unions have too much power." A majority of union members believed that union leaders do not represent their members' views. A conclusion from this and other polls is that unions and union leaders are seen as narrow, selfish, self-interest groups.

I must quickly add that this is not the situation in Quebec. In a CEQ authorized CROP Survey of March 1985, unionism remains relatively popular and the population hopes to see unions and the government negotiate collective agreements in the public sector. If the 601 Quebec respondents had a choice, 52 per cent would choose to belong to a union and 40 per cent would refuse.

It seems to me, then, that one of the things we must do more of is polling. It's important that we know where our members are coming from. When we make a decision to wage the big battle, it must be on an issue that is dear to the hearts of the membership -- in other words, we must have the troops to win the war.

Unions should expand their use of electronic media. Everytime I look at the program VENTURE for business, sponsored by business, I think we should be doing something like this. A show about unions, sponsored by unions. We've done some things in that area. Your own organization, nationally and provincially, has run some great ads and PSAC has just run a very expensive and exciting ad campaign -- I think we need more.

The AFL-CIO, through the work of the Labour Institute of Public Affairs, and its affiliates have begun to lay the groundwork for labour's transition into the electronic era. We recognize that the labour movement cannot apply better communications techniques as an afterthought but must communicate the substance of its activities as they occur. We are committed to reversing the near invisibility of American trade unions and

their members in TV and radio programming and to introducing new technologies, such as teleconferencing, spot advertising, videocassettes, cable TV programming, and full-length broadcast programs, to help make unions more effective.

Unions should be far more aggressive in publicizing their successes and their work for causes that provide benefits far beyond our membership rolls. Union spokespersons need training in media techniques. Efforts must be made at every level to better inform reporters about unions and trade unionism.

Within our membership, we must improve our image -- not change our goals. It is necessary that we educate our members to the fact that unions are, first and foremost, organizations seeking to improve the lives of those they represent by improving their conditions of work and by insuring respect for their dignity as workers.

The labour movement must demonstrate that union representation is the best available means for working people, professional and non-professional, to express their individuality on the job and their desire to control their own working lives, and that unions are democratic institutions controlled by their members.

We must continue our political action. Public sector employers, particularly teachers, can take credit for making labour legislation an issue in the Newfoundland provincial election in April. The OSSTF in the Ontario election mounted a very successful campaign against the extension of public financing to the separate school system. Even though all three parties supported the position, it took the OSSTF (with a little help) to make the debate public.

We must continue and increase the political pressure on politicians generally and governments in particular because even though we've seen so much regressive legislation in recent years, there is no doubt that legislatures have generally been more favourable to the labour movement than the courts. It took the legislatures to overrule judicial decisions and set up labour boards to protect trade union activities from attacks in the courts, and it was legislatures which erected the collective bargaining system.

To increase this political public pressure, public sector workers will need to become part of community coalitions which oppose government on individual issues. There is some progress in this area. The coalition for equality in Newfoundland has created the most effective opposition that the Peckford government has had to deal with. There are embryonic solidarity coalitions in Saskatchewan and Alberta, and it looks like the new leadership within the B.C. Fed is committed to a fundamental restructuring of the solidarity coalition in that province.

And surely it goes without saying that public sector trade union leaders must find ways to develop closer ties among themselves. Whether you are a federal, provincial or municipal employee; whether you are a teacher or a nurse matters not. Most of us are facing tory administrations and we need a federation of public sector employees -- this

federation would include CUPE, PSAC, NUPGE, CTF, CAUT, NFNU, PIPS, and the postal workers. We should be united and working together instead of trying to go our separate ways and cut our own special deals.

And we must become social trade unionists. J.S. Woodsworth said it better:

"What we desire for ourselves,
We wish for all."

Heinz Kluncker, President of the Public Services International, an organization which represents some 10 million public service workers in 175 free countries of the world said at the opening of our Congress in Singapore in 1981:

> "Reducing the power and influence of the state may be in if you are rich, but unfortunately, most of the people that unions represent are not .... only the rich can afford a poor state, a state without expensive public services. Only the rich can do without swimming pools because they have their own swimming pools in the garden. Only the rich can afford a bed in a private hospital or a private sanitorium. Only the rich can buy themselves a place at a private school with their own private guards to protect them. Workers, employees and their families on the other hand, have to rely on public institutions and services. It is for these people that the public service guarantees that quality of life which they would not otherwise be able to buy on their own private incomes. Only the public sector can guarantee this quality of life. Every reduction, every cut in public service means a direct deterioration of the living standards of workers, employees and their families."

So, there is a great deal to be done. The battle is far from won. While there are some small signs that the swing to the right is reversing, we, you and I, public sector unions together must be in the forefront.

CONCLUDING PANEL ON MAPPING THE "RIGHT" STRATEGY FOR TEACHERS

BERT HANRATTY
New Brunswick Teachers' Association

There were a great many suggestions made by some of our external speakers over the last two days with which I would agree, but I have to bring myself up short, because I don't know how our teachers' organizations will be able to use these methods, devices and forms of cooperation. I really don't think there is any "right" strategy that we will be able to develop for all teacher organizations in the country. This came through particularly in the small group sessions where a fair sample of all the teacher organizations were represented. In spite of the commonalities which seem to be facing us and the government initiatives, we all have different educational finance structures and we do seem to be operating in some very peculiar circumstances. Perhaps we really should be looking at a combination of the various types of strategic developments which might work in each of our provinces.

Over the last few days the idea has been expressed that advocacy for the system and for the rights of children is a more important role for teacher organizations. We would be mad to say we have to get out of that field. If anything, I see it as our best help to establish ourselves, if we haven't been able to do so already, as the people with the non-selfish interest in what is happening to the immediate clients of education, the students. I think, by and large, we have done very well in that pursuit.

We can blow two years of being very strong spokesmen for particular interest groups of our clients within the educational system with one good strike or one really nasty bargaining session. I think, however, in line with what a number of speakers have said, we do have an advantage in that almost all of us have gone through or are going through a very rough period in our relationship with our various funding agents. It used to be one of the truisms in church history that the blood of martyrs nourished the early church. I think that is true. I am hoping that we can use long distance martyrs, the brethren and sistern in Quebec and British Columbia particularly, as being examples of a course which we don't want to follow. We can get some mileage out of the suffering of people in other provinces of the country.

Regarding the notion of coalition building, I will take advantage of a talk I heard some three weeks ago on political action and coalition building. I think we have to get into that whether we want to or not. Whatever union we are involved in, particularly with our organization, it is always looked upon with great suspicion because we don't want to be taken over by other groups. We don't want to be absorbed and lose our own main thrust when we become involved in coalitions, whether it be coalitions for education or for equality. I have a little more faith and perhaps a little less experience in working inside coalitions, so I tend to be rather more optimistic. I believe that pound for pound we are like Sugar Ray Robinson. At the art of being involved in coalitions, we fight

better and have a more effective impact on coalitions than any combination of the other partners we are likely to get together with in education.

We have to move farther afield in the kinds of political action we have traditionally been involved in. We in New Brunswick have been operating inside an educational coalition composed of the normal sorts of partners you would expect in that group, the home and school federation and special interest groups, such as the council for exceptional children. Conspicuously absent so far have been trustees and superintendents, but we have some indication that they will be joining with us on certain items affecting the educational system. We have so far resisted getting into wider coalitions, except on an observatory basis, where we go along and make some contribution as interested observers. I think that is because we don't want to lose the focus on education. I know very well there will have to be a certain amount of compromise. In order to get the kind of support we need for education, we will have to hold out some support to the other social fields.

The number of remarks which have been made about the use of polls and the use of very glib salesmen and PR types to achieve political ends in this country, makes me wonder whether this is something we may have to look at in our member organizations. Traditionally, the presidents of the organizations have been the spokespeople for them. Some of them fulfill that role very well; some don't. We may have to start looking at shifting around the mechanism we traditionally use. In my own organization, only the president speaks officially for us unless that person happens to be dead or incapacitated. In our group, we have to start looking at that and identifying other members of the Executive, staff, and local personnel whom we have always tried to keep off the airwaves. If we are going to play the game where someone with good debating skills is able to push his particular point of view, then that may be the sort of person we need to act as spokesperson, not necessarily the political leaders in the association.

I concur wholeheartedly with the remarks that have been made about the effect that people at the local level -- local teachers, teachers of my children and yours, the principal of the local neighbourhood school -- can have in this public debate on how well or how poorly education has been financed. I don't think, however, it is the only place you get support. As public cynicism and public suspicion of institutions grow, I see a number of our provincial organizations looked upon as counter institutions. The institution which seems to be in greatest disrepute appears to be government. There is a certain degree of eagerness in the news media people to seek out our opinions or to give them some credence and to give them better coverage if we are going to play the game the way they want it to be played.

I felt that I really missed a great opportunity when I was unable to attend the CTF workshop for Presidents of Member organizations on how to deal with the media, with pressures, situations, and interviews and the kind of format interviewers follow. We have to put more time and energy into that type of training. Some people do it very well and very naturally. Most of us don't and we need some kind of training. The ideal, of course, is to find someone who will look very good on television, come up

with a sound argument and make it extremely comprehensible to the average person on the street. Failing that, we have to go after a few of these political or actor types.

Parallel with the collective bargaining, we have to succeed in getting a clear message through to the public. I am becoming more and more convinced that we can only do that in concert with, or at least supported by, a great many other people who have a stake, not just in the educational system, but in the whole social service system. As one speaker said this morning, we have to get out there and make serious efforts at debunking the myth that social programs are not productive. I think that can be done, but we have to be a little better at it than we ever have been in the past.

I believe people subscribe to the whole theme and notion of education being an investment in our future, as long as it is not hitting their mill rate. They may even be prepared to see that go up a few points, if we can do the kind of public relations of which I think teachers and teacher organizations are capable. As one of our priorities, we have to blow our own horn. We haven't done it often enough or well enough in the past. We have to encourage our members to be aware of just how well they are doing their jobs.

We have been going through a difficult period and most people here seem to think we are in for another three to five years of it. But I believe there is some fallow ground. The general public now seem to be very receptive to the claims we can legitimately make. Education has been broadened out. It is not just our kids who are there. Society has been selling itself short and we are likely to start paying through the nose for it in the next decade. It may be based primarily on growing distrust of government and big business. I believe we have a decent chance of convincing those who are going to bear the freight. There may be only so much money in the pot, but if that is true, there is an extremely good case to be made for a temporary shift in the percentages, a shift back to the kind of percentages which education used to enjoy in the olden days. We have to start looking at the possibility of going after more revenue for education.

CONCLUDING PANEL ON MAPPING THE "RIGHT" STRATEGY FOR TEACHERS

CHARLES HYMAN
Alberta Teachers' Association

Our topic is mapping the right strategy and the question is, strategy for what? The two dominant themes in this particular seminar dealt with the issue of resource acquisition and collective bargaining rights. I would say we dwelt more on the first point than on the second, but, in the final analysis, both cases must be made at the place closest to the client and that is at the school level.

I want to look at the question of education finance in terms of a possible collection of strategies which I think fit together. At the school level there is an increasing recognition on the part of our membership that the only good public relations they are getting is from themselves. Public relations at other levels is always difficult because of expense and an increasing cynicism about "image-making". In the provinces from which we have heard the teachers with the best results were in the position of being underdogs before they started to get any solid public support. One has to wonder why we have to go through the misery of becoming the underdogs first. That kind of eventual positive public relations, in the final analysis, means that you have to drag your membership through considerable torture.

In both Quebec and British Columbia the issue of layoffs -- the issue of government pounding teachers -- has led to considerable abuse and a lot of suffering. It is only at this point that there may be some kind of turn around. For those of us who haven't gone through that or have gone through it less severely, there is still some time for us to make good with our best resources: teachers, schools and kids. Associations that spend their money on campaigns which assist local schools with public relations and community liaison are spending their money wisely. It could well be that the particular program we have developed isn't the correct one. From my point of view, we should be fairly quick to learn what we are doing wrong at the local level and how to make the proper adjustments. That is what most of us are paid for. The issues of strategy and tactics are on-going.

It is through the school that local parents have to be made aware of what will happen if cutbacks take place. This is one message that teachers do not frequently indicate. "What is going to happen to your child if particular resources are cut back, disappear completely or if the class size goes up?" That is a risky thing for a lot of teachers at the school level. They do not like making commitments and guarantees about productivity, so they don't like making commitments and guarantees about what will happen when things get cut off. But, I think it is a risk that people have to be prepared to take.

In Alberta we have found that there is still an incredible willingness on the part of communities to actually raise revenue for schools. We did a study two years ago of school level fund raising in the province.

We investigated mandatory revenue raising, wherein the school board had dictated that the local school had to raise revenue in a particular manner, not only for tuition but for textbooks and other things, and voluntary fund raising which included anything that your imagination can dwell upon -- videos, clubs, students' union, etc.

Over 50 per cent of the schools in the province reported revenue raising of $10 million that they were allowed to expend. In Alberta we have about 1,500 schools. Therefore we projected on a provincewide basis $20 million in community money was being raised by the schools. That is somewhere in the region of $50 per head if you take our student population. Parents were throwing in, on the average, an additional $50 for the year per student. Some schools raised no revenue at all. These would be small schools with only two or three teachers, operating in fairly isolated areas. In the cities the junior and senior high schools seemed to focus most of their revenue-raising activities on athletics and extra-curricular programs.

The schools informed us that the vast majority of the $10 to $20 million which they raised was being spent on two major undertakings: computer acquisition and software related to it; and extra-curricular activities, such as, buying buses to take kids to football games, uniforms, and band equipment.

It would appear that there is a marked willingness on the part of many communities to throw in additional resources. If we were to look at it from an economic point of view, however, we have to recognize that this revenue raising is most likely regressive. We didn't do a socio-economic breakdown of it, but I have no doubt that the largest amount of revenue raised came from areas that could afford it and that the areas with inner city schools and many of the rural communities just didn't have the bucks to put in.

We used the findings somewhat effectively with the provincial government in that we were able to publicize them in a two-hour press conference. The press was very interested in the notion of local revenue raising and how much we felt that the money really should be provided by the public purse and not through private donations. Here is an example where you can work through the schools to make an issue in education finance. The school is the key.

Also through the schools we must go beyond the parental community with which we normally deal. As the population shifts in terms of age and particularly in those provinces where we have a large rural or farming population, no matter how much public attention the school gets through its parent groups and through its students, that community is drifting further and further away from the school. When only 18 per cent of the rural community is involved in the education system and the rest of the population, being older, is concerned with property taxes, there is bound to be trouble as soon as we get into a conflict situation in collective bargaining with the local school board. The issue becomes property taxes or "more of my taxes going to education".

Another issue that has to be faced throughout the country is the issue of mobility. We keep dwelling on the value of the school for the existence and survival of local communities, but the demography says otherwise. Kids get their education and they leave. So to go to those local publics and ask them to inject more money into the education system sometimes becomes abusive. They are not interested in doing so. I think this is true of inner city schools as well. When we ask people for that kind of support we are incapable of demonstrating what we have done for the community. The loyalty of the community to the schools goes to a large extent when the client goes. That is a problem which is extremely difficult to overcome, particularly in rural areas. The school becomes a vehicle of mobility; not a vehicle of survival for the local area. So, we have to go beyond the parental area, but I don't have any magic solutions as to how we get to those other people who no longer have kids in the school and might just see the school as another institution down the street, not performing any particular function conducive to survival.

At the system levels, jurisdictional levels, and school district levels the issue of school board budgets and audited financial statements are still functional to the entire process. We have to keep training our people how to read those things, teach them what they are, tell them what to look for, tell them what to analyse and show them how they can make constructive critiques.

In Alberta the biggest source of funds at the local level, if we could ever get our hands on it, is the amount of money which is transferred every year from the operating budget to the capital budget. Under our legislation once money is transferred from operating to capital, it cannot be reversed. Eventually, the board must spend it, but as a capital expenditure. We are now reaching a point where somewhere between 10 to 15 per cent of the operating budgets have been transferred into capital reserves. This is self-defeating because when we scream at government for more money the response is simply "it's there". Boards that can afford to transfer 10 to 15 per cent of the current operating budgets into future reserves and still show surpluses at the end of the year on the operating side obviously have money. Therefore the operating budget is a very important area that has to be watched very carefully by people at the local level.

As well, I am sure we have school boards in the country operating like insurance companies. They are putting aside money for debt financing which is out of all proportion to the amount that is required. Insurance companies are famous for that. If they have a risk of three they put aside reserves for nine and we have school board secretary treasurers who operate with the same mentality. So, there is a considerable amount of funding that simply is not going to the clients. So, I think that at the local level watching the budgets and audited statements is an extremely important function.

At the provincial level we have to spend more time and money publicizing the negative impact of restraints or cutbacks. We have expended considerable resources to say it is a bad thing, but I am not sure that we have convinced anybody in that our case is amorphous. Perhaps we are reluctant or afraid to say, just as the individual teachers at the school

level are afraid to say, what the impact is really going to be. On the one hand we do not guarantee productivity and therefore, we are afraid to talk about the effects of cutbacks except in quantitative terms. "If some of the teachers are lost and the pupil-teacher ratio rises, your kid will fail." We don't say that. Can we guarantee that they will fail? We will most likely work harder to make sure that they succeed. That is our "professional" side. We're nice guys. Dumb, but nice.

So, what do we really say about the negative impact if teachers redouble their efforts in times of restraint? I think we have to emphasize the social costs as well as the economic factors in cutbacks. The old theme of investing in education is still a good one. We have to concentrate on ideas and not on numbers. I believe that as a general rule numbers create negative images and ideas create positive images. I am always reminded about the debating styles between the Americans and the British. The Americans are famous for debating facts, statistics and numbers. I used to watch the famous debates between Oxford and Harvard and Oxford and Yale. The Oxford team always won and it won simply on impression, concept, notion and ideas.

The same thing applies when you are in a collective bargaining dispute. You get away from talking about absolute salary levels, how much we earn and that sort of thing. If you want to lose the local people right away all you have to mention is teachers earning $40,000. Talk about relative differences, equity, disparity, catch up, but don't talk about numbers.

It is interesting that the Alberta government has done its own polling on this issue. It indicates that public opinion is not in favour of cutbacks in education. That doesn't say that public opinion is in favour of greater investment. It simply says it is not in favour of cutbacks. To a large extent that has prevented the kind of scene in British Columbia from happening within Alberta. There is political risk in Alberta in attacking education as a social service. Therefore, rather than controlling things through directives similar to those in British Columbia, our government has simply controlled the amount of money going into education, thereby forcing local property taxpayers to pick up more and more of the share. In 1970 on a provincial average only about 11 per cent of the total expenditure on education came from local property tax. Now 35 per cent comes from local property, the biggest share being taken in the cities where approximately 40 per cent comes from local property. As you get into rural areas it can be as low as 17 or 18 per cent. There is a dramatic upward line which runs throughout the decade of the 70's and into the 80's.

But even after all of that, the statistics show that we still have the lowest property taxes in the country. But when we deal with the issue there is no use talking about that. Because of their own relative past, people don't want to hear about higher property taxes everywhere else. That is a real non-issue. People are concerned that it has risen from 11 to 35 per cent over a 15 year period and the resistance is growing.

At the provincial level it is time we started advocating the rights of all children. We have been too prone, in my opinion, to take the money

for things like special education, the gifted and talented or handicapped. That money really was not added to education. It was taken away from the majority of our clientele. Even if we are catering to reactionary or populist views, I think we have to say that the money now going into education is going to "special interests". What we are doing is denying your mister average kid the advantages of the best kind of education. The best kind of education is caught up in vertical equity, special education, gifted and talented, which is the end of the continuum when it comes to the special interest groups. I think, we have to start emphasizing the rights of all children, not just those at either end of the continuum. In that area, we have a lot of homework to do. I think we can demonstrate that injections of funds for special education is at the expense of the average child.

I believe that unemployment is our main enemy when it comes to education finance. The unemployed see the schools as part of the problem, not part of the solution. Every student who graduates and ends up on the street is a potential enemy of the school. We trained them to do nothing, we gave them guidance to do nothing, and we are part of the same economic structure that led to that nothing. To hope that the unemployed are going to be big supporters of school systems in terms of advocacy is insanity. So, I would concur with those economists or pundits who feel unemployment is the thing with which we have to deal. Job creation should be one of the things we advocate very strongly. Never mind holding the line on deficits. We need as close to a full employment policy as possible so that the taxes are there to support our endeavours.

Finally, at the federal level, an activity in which we might engage is to look at all those studies, task force, and committee reports which seem to flow though Ottawa, pick out any reference to education, and attempt to consolidate a position around all of the several reports. There are many reports published at the federal level which deal with science and technology, communications, and so on, and on obscure pages you get references to education. It seems to me that all of those hidden references brought together in one place might give us more of a case at the federal level to develop a comprehensive critique of government policy, even if it is a hidden policy. It may be a policy the federal government doesn't even realize it has.

Members of Parliament have to be made aware of the impact of equalization and established programs on elementary and secondary education. We are naive if we believe that M.P.'s really understand those topics and their impacts on education. Provincial M.L.A.'s hardly understand the financing program of their own provinces. Why should we expect M.P.'s to understand the impact of equalization on elementary and secondary education? We have to get to those people, talk to them simplisticly and educate them so that, when the negotiations of the federal-provincial fiscal arrangements begin, at least there will be some backbenchers who can say more in caucus than merely yes or no as directed.

One final thing we can do at the federal level is work with other organizations on the social inequality issues. I think we can do so safely and with much to reap from that particular activity.

CONCLUDING PANEL ON MAPPING THE "RIGHT" STRATEGY FOR TEACHERS

WAYNE RUSSELL
Newfoundland Teachers' Association

When we speak of collective bargaining in Newfoundland, and this is true particularly in the Maritimes, we are talking about the province-wide collective bargaining. In Newfoundland, provincial funding amounts to about 96 per cent of all money spent in education.

I would like to start with the topic "can public service unions retrieve or return to the right to full collective bargaining?" I always wonder what is meant by returning to full collective bargaining. Nancy Riche put it very well this morning when she said it is returning to a time when there are no longer any legislative restrictions upon the right to bargain and the right to strike. However, when people speak of returning to free collective bargaining, I believe that often they have in mind returning to bargaining with no limits on the amounts of money or benefits we seek, back to the days of the late 60's and early 70's, when we asked for large increases and quite often were successful in getting them.

I think we have to return to a situation where there are no legislative restraints placed on bargaining. Those teacher organizations who have lost some of their rights through legislation must try and retrieve them. However, I think we must be very honest and ask ourselves why they were lost.

This morning Nancy Riche outlined a very grave situation in Newfoundland regarding the loss of collective bargaining rights. She didn't mention that the legislation did not affect teachers. We have lost none of our collective bargaining rights or right to strike and we have not been restricted in any way by any of the legislation enacted in our province. When one group in the public sector is restricted by severe legislation and the other group is not, you have to ask why.

Teachers in Newfoundland have been more aggressive against the Peckford Government than any other union. We have taken them on politically. In 1981 we had a province-wide strike, a very bitter strike which lasted three weeks. It is also true to say that we were among the leaders in the coalition against this government. We were also involved with determining the strategy which resulted in the successful strike by the Communication workers of Canada against Newfoundland Telephone, a strike which in many respects became a reflection of the struggle by unions to retain bargaining power in time of restraints. So, we have not been exempt from the legislation because we have not challenged them. In fact, our challenge has been harder and tougher than any other group.

Why has the legislation not affected us? Well, it may be luck. It may be that teachers are an extremely strong group and the government is reluctant to enact legislation against them. It may be the positive working relationship which we have with senior management in the public civil

service or it may be the approach that we have taken. I don't know the answer to that, but I think a couple of factors must be considered.

First, the use of the strike was not an automatic part of our plan. We always considered very carefully when we would use the strike weapon. For the other public sector unions, strike was a way of life. They built the strike into everything they did. The bargaining process was often only a legal mechanism to be passed through in order to give them the right to strike.

These other groups were not interested in consultation with the government. I am not saying that we were successful in our consultation, but we were willing to try. These groups were not. Just recently we organized a meeting with the Premier, the Minister of Finance, the President of the Treasury Board, ourselves, NAPE, the Newfoundland branch of CUPE and the Nurses' Union. Before the meeting took place, CUPE and the Nurses' Union didn't want to talk to the Premier and would not attend. NAPE did attend, but were reluctant to sit down and discuss.

In Newfoundland the government found itself in an economic position where its revenues were falling, its costs were increasing and they had to take measures to bring those in line. The other public sector unions were not about to back off from their positions and had given notice that they were going to openly challenge the government at every opportunity. The government was scared that it could not control its budget and that inflation was continuing to spiral upwards. It took moves against those unions to protect itself.

As our Association plays a major role in attempting to help those unions get back the right to strike, I think the clear message for us regarding the future is that we must be more selective in the use of strike as a weapon. I don't believe our provincial governments nor the public we serve are prepared to be held constantly at ransom for a position which is against the public good. Who determines what is the public good and who determines when they are going to be held at ransom is a difficult question, but I don't believe it can become an automatic strategy. The strike must be used selectively and carefully.

We also must ask ourselves what the impact of constant use of the strike as a weapon has been upon public sector groups and those teacher organizations which have used it. The groups who use the strike continually no longer have the trust of their membership. They cannot generate a strike when or where they wish. They now have a problem convincing their memberships to support them as they go to the bargaining table if strike is to be the ultimate outcome. It has made the unions shy of some of the stands they take at the bargaining table, because in the end they may not get their members to walk with them when they need them.

For us in the future the strike is our best and most powerful weapon, but it is best when it is used selectively and not automatically. If we learn that from what we have gone through we will have learned one of the better lessons from this restraint period.

Should we return to free collective bargaining without financial restraints? In those provinces with programs of zero increase for one or two years, we have to challenge those strongly. But do we want to return to the type of bargaining of the late 60's and 70's with wages spiralling upward without end? One year we were asking for 18 per cent and settling for 15, then for 20 and settling for 18, then 30, 40 and 50 per cent. Do we want to return to that? My answer is, "No, we don't". We did not benefit from or come out of that spiral stronger than when we went in. With inflation running about 4 per cent, it is best if we keep teachers' salary increases at the bargaining table close to inflation. If we advocate a return to no restraints and an upward spiral again, it is not good for our members or for our association. I don't think we came out well in that game. So, a return to full and free collective bargaining without legislative restraints, yes; a return to full and free collective bargaining where the sky is the limit, no, because I don't think any of our teachers want to go back there.

In saying that, we must separate ourselves from other public sector groups. In Newfoundland we can say we don't want to go back to the continuing upward spiral of increases of 10 or 12 per cent. Our salaries have reached a level where, although we are not happy with them, at least we are comfortable with them. The same is not true of all workers in the public sector. A lot of the workers in the group Nancy Riche represents are in the salary ranges of $12,000 to $14,000. They have a major problem of moving upwards. When our economic times get a bit stronger, they are going to become tough again because they have major gains to make. A difference between the two groups which we have to recognize in the future is that teacher groups were extremely successful from the moment we got collective bargaining. We made major strides, but the other competing public sector groups did not make the same strides. There are groups in Newfoundland who are still far below a decent wage or salary and they have major catchups to do. If we place ourselves in that same category and try to move with them, we are not negotiating in the reality which exists. I don't make that general statement for Canada, but it is certainly so in our province.

From what we have heard from the economists it is obvious that our provincial economies are not strong. They are not as strong as they were before the government began the recession. It is true in collective bargaining that those who work for strong employers, whether in the private or the public sector, always do better. Those who work for the federal government and those who work for the stronger provincial governments do better than those who work for the weaker ones. Even within provinces it is true. Those who work for crown corporations, particularly in utilities, have always done better than those who work for the government directly. Our employers are no longer the economically strong employers we have always made them out to be.

That says to me quite clearly that when we negotiate in the future we have to know the budgets of our provinces well. We have to know where the financing is coming from. We have to know what the trends are and be prepared to move with those trends. Where the trends are not moving in the direction we'd like, we have to find ways to influence government to back off and move in another direction. However, I would caution us against

believing that there is a magic economic solution either for the federal or the provincial governments. I have attended several of those conferences now and the consistent trend at all of them has been that there is no consensus among economists as to how Canada should manage its economy. I believe that is so because there is no single solution.

If we believe we can advocate an economic strategy for the benefit of Canada and we start developing such a strategy, then we are moving in the wrong direction. I don't think this country or any of our provinces are ready for a union-made, socialist-leaning economic strategy. It is not going to be politically popular and it is not going to be something which the country wants. Our best role is to examine the federal and provincial budgets and when they are not in the best direction for education, challenge them. We should not believe that we can become experts in the economy and develop a new pattern for this country and our provinces. I don't think we have the expertise to do it, quite frankly, and I don't think the country would accept it even if we did, because what we design would definitely be socialistic.

Governments have become better managers of their own affairs, particularly their financial affairs. They are much more cautious now in building budgets. They give a lot more thought to them, even though we may not like the direction they take. Members of Parliament and Members of our Legislatures may not understand economic theories well or the basis on which the budgets are developed because the senior civil servants develop them, but for us to take the approach that our provinces are in difficulties because of the stupidity of our governments is not a sound approach nor one that our public will accept. We must examine the strategies which are being developed and when they are not strong in defense of education, we must go against them. We cannot come out with simplistic statements saying, "if they weren't so stupid they would do something better," because we don't know what the better is and I don't think you can find the answers for them.

With that kind of concern about government budgets, it means we will be bargaining in a time when the bottom line always is total compensation. When we go to the bargaining table they are not so much interested in what the salary rate or the sick leave is going to be. They want to know what it is going to cost, what the bottom line is. Governments are concerned with the protection of their economic position. They don't want to get back into some of the spirals they found themselves in three or four years ago. We must design bargaining packages with total compensation in mind. We may not like the idea of total compensation, but it is the world in which we live and it is the bargaining forum in which we find ourselves.

Finally, there has been a lot of talk at this conference about adapting ourselves to the new reality. The difficulty I find with that is the new reality has already worn itself out. We are now defining strategies for a new reality that we should have been talking about last year or the year before. I believe there is another process occurring in this country and our provinces. There is a change occurring. We are moving away from the right, now. We have to be much more conscious of what the next phase of this will mean to us, how to adapt to it and work at it. I say that because I see settling down in this group the attitude that we should not

be so aggressive and we should let this thing ride itself out. I would caution that it may already have ridden itself out, we may already be through that phase, and now our provinces are prepared to be more open in some of the negotiations as long as we don't go too far. We may have to develop strategies, not for the new reality as we perceive it, but for the one that is about to follow.

We were very slow in reacting to the economic downturns that occurred in our country. It took us a long time to come to grips with them and accept them as reality. I hope it doesn't take us as long to adapt to the change which is almost upon us. We will be back here a year or two from now asking ourselves the question, "how do we deal with this one?" and I think these are the questions we should ask ourselves now. We have not lost a great deal to this downturn. We have lost some of our economic position, but we are still not in a bad position.

There is a message in the last federal budget in the surtaxes placed upon those in the high income brackets. I dislike the surtax but the fact is that many of our teachers come under it. Does that mean that we are moving into the high economic brackets? If that is true then it is certainly different from what would have occurred had there been a surcharge ten years ago. We must consider that very carefully as we plan our next move.

CONCLUDING PANEL ON MAPPING THE "RIGHT" STRATEGY FOR TEACHERS

BRIAN SHORTALL
Canadian Teachers' Federation

Ladies and gentlemen, if you think you are going to see from me the well-targeted and specific suggestions of Chuck Hyman or Wayne Russell with respect to the acquisition of resources for education or a new or revised approach to collective bargaining, you are going to be disappointed. I am going to take, by necessity, a more general approach to the issue of education finance. There is a basic bottom line position for teacher organizations to take provincially, and nationally; and I will make my general comments about it.

The first thing, is that it is our duty and responsibility to spread the message about the principles of education finance, the equity, in which we believe, and then make sure people understand what we are speaking about. Perhaps even a greater responsibility is for us to tell the truth about what is happening. Despite what is occurring in each of our jurisdictions, there is a national tragedy in the offing. This is the ever-widening gap between the abilities of the richer provinces and the abilities of the poorer provinces to provide an adequate in-school experience to each and every child. If provinces like my home in Newfoundland were even to double their effort with respect to educational finance, they still wouldn't be at the national average. They are already making a greater effort than the richer provinces of Canada. That is a fact for at least five or six of our provincial economies in this country. It is a horrendous realization, given that we believe that each child in Canada is equal. That message has to be spread throughout our society. People have to look not so much at the percentages but rather, as Chuck Hyman told you, at that particular principle and we have to stimulate some activity in that regard.

The federal government is a national government which represents all the people. It can declare a war. It can talk about national health standards and national standards for the environment. Surely, it can talk about national standards of Canadian education. A national role or national leadership in Canadian education does not negate or deny provincial primacy. Federal support for education does not take away the rights of provinces. Nor does it automatically say that they are going to have the same curriculum for all children in this country. What it says is that it will have a look at what kind of a Canada we need tomorrow, the goals, the qualities we need in our children and how we will ensure that each and every child has the opportunity to get there. That is what national leadership in education means and that is the message we have to get across.

The consolidation of the various federal statements on education which Chuck Hyman talked about is the direction in which we are moving. The federal government is now making some general statements about ensuring that there is an appropriate type of workforce tomorrow in order to

direct our economy, and that education is much broader than mere skill development.

The second general comment I want to make is that teacher organizations, whether nationally or provincially, should work towards increasing the amount of money available to education, increasing the priority afforded education with respect to resource allocation. We are not the only group in society with the responsibility for education. There are others and we shouldn't view ourselves as the only one. Nor should we be ashamed to advocate adequate levels of remuneration for our members in that we are professional people and education must continue to attract and maintain qualified practitioners.

Recalling Wayne Russell's comments concerning a new reality, my third general comment is that there is a current reality right now which is the current government economic theory as to how to address the national economy. While I agree that we shouldn't have tunnel vision in this regard and forget what changes may be blowing in the wind, I think it is incumbent upon groups and unions such as ours to become very facile with current government economic theory and to understand it. Why? Not because we so much agree with it, but because it is a reality in terms of the outcomes for education. We don't exist to change government policy or government economic theory. Political parties are used for that. We exist to advocate for educational groups and educational rights. When we have government decisions which impact negatively upon our turf, which is education, we have to be able to argue those particular decisions and get them reversed or get the contributing causes of those decisions reversed. That means we must understand and be seen as credible people who can work the edges of whatever the government philosophy happens to be on a given day, regardless of whether it is one with which in our own hearts and souls we agree or disagree.

John Calvert broached, with us, a significant topic today when he talked about the necessity of alternate economic strategies being voiced in Canada. How many of you have ever tried to introduce at the secondary school level a course in labour relations or labour history? How many of you ever tried to change a secondary school textbook in economics to come up with some strategies that talk about the input of workers? Or to look at alternative forms to capitalism? Curriculum and program change is not very easy. Look at the composition of the faculties in this country, who lecture prospective MBA's who eventually staff all the Treasury Boards in Canada. Look at the composition of the legal faculties and many of the leanings of those individuals with respect to economic theories. There may well be a need for an organization which has the credibility of an organization such as the Fraser Institute to propose and promote other viewpoints. Mr. Calvert also said that one public service union hadn't the money to do that all by itself. We may find ourselves being forced to move closer to other workers in order to achieve that particular voice.

After sitting on your behalf at the National Economic Conference here in Ottawa in March it became clear to me that the government was looking at society as if it fell into three groups. One was national voluntary organizations; another was business; and the third was labour. I don't

have to tell you with which party we sat. If we want to influence economic policies it may be that we will have to edge a little bit closer to other people who are saying some similar things. I am not suggesting we have to join forces, but we have to cooperate more closely, especially with respect to public promotion and discussion of alternate viewpoints.

A fourth point I want to consider is that there seems to be something going on in Canadian politics during the last five or six years which is changing the world a little bit for us. Governments are listening more and more to special interest groups as opposed to one individual. They are listening with a closer ear to the traditional special interest and organized lobby groups in Canada. When we talk about selling the case of education or persuading the community of the value of education, whether or not society members have children in the school, we may want to look at influencing those particular special interest groups. How are we going to make those special interest groups promoters and boosters of Canadian education? How would we influence the Canadian Small Business Association? How do we have the "John Bullocks" of this world promoting what they criticize? That may be a challenge for some of our communications and public relations people.

The answer is not just seeing whether people value schools or not, or if they have confidence in our work or not. The secret with polling is not so much the statistical information that has been gathered, but it is the interpretation you have given it. We need to have a look at that and perhaps invest some money for an interpretation as to how we can start to get at these particular groups. There are some special interest groups who must have penetrated Michael Wilson's ears. If they are doing it, perhaps we want to have some input into it.

Finally, we should not forget what we are. We are simply groups of individuals and groups of teachers who exist for certain specific purposes in respect to education. That should be the major priority for the kinds of public action campaigns and techniques we use. That should also govern our increasing liaison activities. It has been said here quite frequently that we should think about coalitions, move closer to other groups and emphasize greater liaison with other elements in society, but again we must come back to why we are here.

APPENDIX

SUMMARY OF EVALUATIONS

Total Number of Evaluations: 37
Number of Replies: 16 Representing a Response of: 43%

1. General Evaluation

Most respondents felt that the seminar was useful and interesting. Some respondents found the group discussions especially useful as they were able to exchange views with representatives from other province. Other respondents found the speakers' presentations most useful. A few respondents noted that the concuding panel was valuable as it focussed on some of the current issues in the various provinces and suggested directions teacher organizations might take in dealing with them.

2. Program Design and Content

Almost all respondents indicated that they found the program design very good and the content interesting, although one respondent felt that by putting education finance and collective bargaining together in the same seminar there was too much material to cover. Half of the respondents felt that the discussion groups needed more direction and leadership. A few respondents felt that it would have been useful to have a credible alternate viewpoint to that presented by the speakers who were most critical of the federal Budget Speech of May 23, 1985.

3. Background Material

All respondents commented favourably on the background material provided by CTF. Three of the respondents felt it would have been interesting to have a session devoted to an analysis and discussion of the material.

4. Physical Arrangements

All respondents found the physical arrangements satisfactory.

5. Follow-up Suggestions

One of the respondents felt there was an ongoing need for representatives of the various associations to meet once a year and exchange ideas. The respondents offered a number of suggestions for themes and session topics at future CTF seminars as well as proposals for research and analysis which CTF might undertake.

Themes and Specific Topics for Future CTF Seminars

- Negotiated protection for part-time teachers
- What effect will federal trends on social benefits have for teachers?
- Negotiating with the legislatures. We have to turn public opinion against mandated "guidelines"
- Session on the economy with the emphasis on political action, public relations, "selling" education among the social programs
- Coalition building
- Sharing of information, objectives and a joint study of the current government economic theory so teacher organizations can work effectively in those realities
- Formulation of ways to introduce labour studies in the school curricula -- how to introduce more balanced post-secondary considerations of the economy and the labour movement and the establishment of a worker-funded research institute
- How to involve business in the role, nature and relationship of the Canadian school system to society
- Responsibility and role of our federal government
- Education finance -- resource acquisition and the equity and adequacy of same

Research Projects

- Continue to pubish bargaining information from each province
- Publish any evidence of a "turn around" in settlements in the public sector comparing teacher performance with others to determine if we are keeping up or lagging behind
- Research on negative effects of cutbacks
- Compare spending on education in Canada to the United States and other industrialized countries -- breakdown of costs, e.g., classroom teaching vs. administrative costs (principals, ministries of education, etc.)
- Study the effect or influence of the cutting of transfer payments on the provinces -- impact on both the economy and education as a component of that economy
- Examine political action/public relations campaigns in each of the provinces -- share sample materials